Appendices

An Evaluation of the Agricultural Development Board Investments in Kentucky Agriculture, 2001-2007: Non-Model Projects, Model Programs, and the Kentucky Agricultural Finance Corporation

Appendix A

Survey forms and results tables

Non-model projects survey form

15

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ADF Evaluation Survey

I). Background Information

1) Nature of the business

____
____

2) Brief summary of company or project's history (including start date)

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3) Purpose, amount and goals of ADF award

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____

4) How has the award been used and what changes (if any) occurred in the proposed plan you submitted to the ADB?

____
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II). Qualitative Information

The ADB has the following investment philosophy:
"*The KY ADB will invest monies from the KY Ag Development Fund in innovative proposals that increase net farm income and effect tobacco farmers, tobacco-impacted communities, and agriculture across the state through stimulating markets for KY agriculture products, finding new ways to add value to KY agriculture products, and exploring new opportunities for KY farms and farm products.*"

1) Based on my experience, the Ag Development Board's use of funds is consistent with this philosophy.

- ☐ Strongly Agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree

Explain____
____

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2) The ADB has six major priorities or goals. Which of these is the main priority or goal that your project contributes to? (check one)

- ☐ Marketing and market development
- ☐ Improving access to capital
- ☐ Financial incentives for environmental stewardship
- ☐ Farm family education and computer literacy
- ☐ Supporting local leadership
- ☐ Research and development

Explain____

3) Are there other priorities or goals your project also contributes to? (check all that apply)

- ☐ Marketing and market development
- ☐ Improving access to capital
- ☐ Financial incentives for environmental stewardship
- ☐ Farm family education and computer literacy
- ☐ Supporting local leadership
- ☐ Research and development

Explain____

III). Quantitative Information

1) The evaluation team is assessing outcomes and impacts of the ADF investments. Below is a list of potential impacts. Please identify which ones apply to your organization and explain the nature/extent of that impact. Include numerical measures when possible.

a) Created a new market for KY agriculture products Yes___ No ___

b) Helped our organization make loans or grants to farmers Yes___ No ___

c) Provided incentives for environmental stewardship Yes___ No ___

d) Provided support for agricultural entrepreneurship Yes___ No ___

e) Increased farmer computer literacy Yes___ No ___

f) Supported local leadership development Yes___ No ___

g) Conducted new ag research and development Yes___ No ___

h) Increased farm income for KY farmers Yes___ No ___
Estimate $ & explain how figured:

i) Developed new products Yes___ No ___

j) Added value to KY agriculture products Yes___ No ___

k) Expanded an existing market for KY ag products Yes___ No ___

l) Developed a new agriculture related business Yes___ No ___

m) Enhance an existing farm enterprise Yes___ No ___

n) Created new jobs in the local economy Yes___ No ___

o) Enhanced the viability of young farmers Yes___ No ___

p) Enhanced the viability of part-time farmers Yes___ No ___

Explain____
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2) Do you have written documentation of results that you could share with the evaluation team? If yes, what documents? ___________________________________

____
____
____

3) Have you met some or all of your goals and objectives outlined in your ADF proposal? __Yes __No

- ☐ All
- ☐ Some
- ☐ None

Explain?____
____
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4) Approximately what percentage of the total ADF money was spent on:

- ☐ Personnel costs____________
- ☐ Operating costs ___________
- ☐ Equipment costs __________
- ☐ Construction costs ________

4) Has this project helped:

a. Tobacco farmers? __Yes __No How many farmers? ___________________________

b. Tobacco-impacted communities? __Yes __No How many communities? ___________________________

____
____
____

5) How many farm youth are affected by this project?

- ☐ N/A
- ☐ 0
- ☐ 1-10
- ☐ 11-25
- ☐ 26-50
- ☐ 51-100
- ☐ More ________How many?

Explain how the farm youth were affected?

____
____
____
____

IV). Opinions

1) Did you receive any outside assistance when preparing your ADF proposal?
__Yes __No

1A) Did you receive any outside assistance during the initial implementation of your project? __Yes __No

- ☐ Financial Planning. __Yes __No __Does not apply
  If you needed help, who did you contact ____________________
- ☐ Marketing. __Yes __No __Does not apply
  If you needed help, who did you contact ____________________
- ☐ Crop or Livestock Production. __Yes __No __Does not apply
  If you needed help, who did you contact ____________________
- ☐ Processing. __Yes __No __Does not apply
  If you needed help, who did you contact ____________________
- ☐ Product Development __Yes __No __Does not apply
  If you needed help, who did you contact ____________________
- ☐ Leadership Development __Yes __No __Does not apply
  If you needed help, who did you contact ____________________
- ☐ Other needs, specify __Yes __No ____________________

1A) If you answered yes to any of the above questions, was the help enough?
Area of need____________________ Enough? __Yes __No _____

Explain what you needed
____
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____
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For the following questions, do you Strongly Agree, Agree, Disagree, or Strongly Disagree?

2) The ADF money was a critical component to starting this project.
- ☐ Strongly Agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree

Explain____________________
____

3) My business or project will be able to continue after the ADF money has ended.
- ☐ Strongly Agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree

Explain____
____

4) How far into the future do you see the benefits of this project reaching?
- ☐ Short Term (1-4 Years)
- ☐ Intermediate (5-10 Years)
- ☐ Long term (over 10 Years)

How?____
____

5) The ADF money helped me leverage other funds for this project.
- ☐ Strongly Agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree

Explain____
____

6) The forgivable loan concept (if applicable) has worked well for our organization.
- ☐ Strongly Agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree

Explain____
____

7) The ADF investments have benefited Kentucky.
- ☐ Strongly Agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree

Explain____
____

8) The ADF investments have been an effective use of tobacco settlement (MSA) funds.
- ☐ Strongly Agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree

Explain____
____

9) We received enough ADF money to successfully implement this project.

- ☐ Strongly Agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree

Explain____
____

10) How well did you estimate the funds needed for this project?

- ☐ Overestimated
- ☐ Underestimated
- ☐ About right

Explain____
____

11) Are you aware of the Kentucky Agriculture Finance Corporation? Yes___ No___

11A) If so, what has been your experience with the KAFC?

____
____
____

12) As far as this project is concerned, is there anything that went wrong or didn't work out as you originally planned?

Explain____
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V). Is there anything else you would like to share with the Evaluation Team about the impacts and consequences of the ADF investments?

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KAFC borrower survey form

KAFC-B3

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KAFC Evaluation Survey – Borrower

I). Background Information

1) Nature of the business

____
____

2) Purpose and amount of KAFC loan

____
____

II). Qualitative Information

1) Which KAFC program did you participate in?

______ Agricultural Infrastructure Loan Program
______ Agricultural Processing Loan Program
______ Coordinated Value-Added Assistance Loan Program
______ Beginning Farmer Loan Program

2) Why did you decide to use the KAFC loan program?

3) Would this loan have happened without the KAFC loan program?

4) Did you work with a different lender than you normally would have for this loan?

5) Other than a lower interest rate, has the KAFC loan program provided anything that you normally couldn't get using your regular agricultural lender?
Please explain:

1

6) Have you accomplished the purpose of your KAFC loan? Yes _____ No _____

Explain?____
____
____
____

7) What went wrong or didn't work out as you originally planned?
Explain____
____
____
____

8) In a sentence or two please tell us your opinion of the following KAFC loan programs:

- ☐ Beginning Farmer Loan Program
____
____
____

- ☐ Agricultural Infrastructure Loan Program
____
____
____

- ☐ Agricultural Processor Loan Program
____
____
____

- ☐ Value-added Assistance Loan Program
____
____
____

9) What are the good and bad aspects of the KAFC loan program?

10) Do you have any suggestions on how to improve the KAFC financing?

III). Quantitative Information

1) The evaluation team is assessing outcomes and impacts of the KAFC investments. Below is a list of potential impacts. Please identify which ones apply to your organization and explain the nature/extent of that impact. Include numerical measures when possible.

This loan:

a) Created a new market for KY agriculture products Yes___ No ___

b) Provided support for agricultural entrepreneurship Yes___ No ___

c) Increased your net income Yes___ No ___
Estimate:

d) Developed new products Yes___ No ___

e) Added value to KY agriculture products Yes___ No ___

f) Expanded an existing market for KY ag products Yes___ No ___

g) Developed a new agriculture related business Yes___ No ___

h) Enhance an existing farm enterprise Yes___ No ___

i) Created new jobs in the local economy Yes___ No ___

j) Enhanced the viability of young farmers Yes___ No ___

k) Enhanced the viability of part-time farmers Yes___ No ___

Explain____
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____

2) Has this project helped:

a. Tobacco farmers? __Yes __No How many farmers? ____________________
b. Tobacco-impacted communities? __Yes __No How many communities?
____
____
____
____

IV). Opinions

Questions Concerning the Kentucky Agricultural Finance Corporation:

For the following questions, do you Strongly Agree, Agree, Disagree, or Strongly Disagree?

1) The KAFC money was a critical component to starting this project.
- ☐ Strongly Agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree

Explain____

2) How far into the future do you see the benefits of this project reaching?
- ☐ Short Term (1-4 Years)
- ☐ Intermediate (5-10 Years)
- ☐ Long term (over 10 Years)

How?____

3) The KAFC money helped me leverage other funds for this project.
- ☐ Strongly Agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree

Explain____

4) We received enough KAFC money to successfully implement this project.
- ☐ Strongly Agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree

Explain____

Questions Concerning the Agricultural Development Fund as a Whole:

5) Have you applied for any ADF grant or loan funds? Yes _____No _____

6) Have you received any ADF grant funds? Yes ____ No ____

If yes, describe:

State ADF $ ____

County ADF $ ____

7) Have you received an ADF forgivable loan? Yes_____ No _____
If yes, describe:

For the following questions, do you Strongly Agree, Agree, Disagree, or Strongly Disagree?

The ADB has the following investment philosophy:

"*The KY ADB will invest monies from the KY Ag Development Fund in innovative proposals that increase net farm income and effect tobacco farmers, tobacco-impacted communities, and agriculture across the state through stimulating markets for KY agriculture products, finding new ways to add value to KY agriculture products, and exploring new opportunities for KY farms and farm products.*"

8) Based on my experience, the Ag Development Board's use of funds is consistent with this philosophy.

- ☐ Strongly Agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree

Explain____
____

9) The ADF investments have benefited Kentucky.

- ☐ Strongly Agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree

Explain____
____

10) The ADF investments have been an effective use of tobacco settlement (MSA) funds.

- ☐ Strongly Agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree

Explain____
____

V). Is there anything else you would like to share with the Evaluation Team about the impacts and consequences of the ADF investments including the Kentucky Agricultural Finance Corporation?

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KAFC lender survey form

KAFC-L3

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KAFC Evaluation Survey – Lender

I). Background Information

1) Nature of the business
____
____

2) Purpose and amount of KAFC loan
____
____

II). Qualitative Information

1) How many loans have you made in participation with KAFC?
______ Agricultural Infrastructure Loan Program
______ Agricultural Processing Loan Program
______ Coordinated Value-Added Assistance Loan Program
______ Beginning Farmer Loan Program

2) When and why did you become involved in loan participation with KAFC?

3) Would this loan to _______________ have happened without the Kentucky Agricultural Finance Corporation participation?

4) Would any of the other loans you have made with the KAFC have happened without the participation of the KAFC?

5) Do the KAFC loan programs allow you to work with new or different clientele than you normally would?

1

6) How would you describe the loan process for KAFC loans?

- ❑ Very Easy
- ❑ Somewhat Easy
- ❑ Somewhat Difficult
- ❑ Very Difficult

7) In a sentence or two please tell us your opinion of the following KAFC loan programs:

❑ Beginning Farmer Loan Program
____
____

❑ Agricultural Infrastructure Loan Program
____
____

❑ Agricultural Processor Loan Program
____
____

❑ Value-added Assistance Loan Program
____
____

8) Has the borrower accomplished the purpose of the KAFC loan? Yes _____ No _____
Explain?____
____
____
____

9) What went wrong or didn't work out as originally planned?
Explain____
____
____

10) Based on your experience, what are the positive and negative aspects of the KAFC loan programs?

11) Do you have any suggestions on how to improve the KAFC financing?

III). Quantitative Information

1) The evaluation team is assessing outcomes and impacts of the KAFC investments. Below is a list of potential impacts. Please identify which ones apply to this loan and explain the nature/extent of that impact. Include numerical measures when possible.

This loan:

a) Created a new market for KY agriculture products Yes___ No ___

b) Provided support for agricultural entrepreneurship Yes___ No ___

c) Increased the borrowers net income Yes___ No ___
Estimate:

d) Developed new products Yes___ No ___

e) Added value to KY agriculture products Yes___ No ___

f) Expanded an existing market for KY ag products Yes___ No ___

g) Developed a new agriculture related business Yes___ No ___

h) Enhance an existing farm enterprise Yes___ No ___

i) Created new jobs in the local economy Yes___ No ___

j) Enhanced the viability of young farmers Yes___ No ___

k) Enhanced the viability of part-time farmers Yes___ No ___

Explain____
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____

2) Has this project helped:

a. Tobacco farmers? __Yes __No How many farmers? ____________________

b. Tobacco-impacted communities? __Yes __No How many communities?
____
____
____
____

IV). Opinions

Questions Concerning the Kentucky Agricultural Finance Corporation:

For the following questions, do you Strongly Agree, Agree, Disagree, or Strongly Disagree?

1) The KAFC money was a critical component to starting this project.
- ☐ Strongly Agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree

Explain____

2) How far into the future do you see the benefits of this project reaching?
- ☐ Short Term (1-4 Years)
- ☐ Intermediate (5-10 Years)
- ☐ Long term (over 10 Years)

How?____

3) The KAFC money helped the borrower leverage other funds for this project.
- ☐ Strongly Agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree

Explain____

4) The borrower received enough KAFC money to successfully implement this project.
- ☐ Strongly Agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree

Explain____

Questions Concerning the Agricultural Development Fund as a Whole:

For the following questions, do you Strongly Agree, Agree, Disagree, or Strongly Disagree?

The ADB has the following investment philosophy:

"The KY ADB will invest monies from the KY Ag Development Fund in innovative proposals that increase net farm income and effect tobacco farmers, tobacco-impacted communities, and agriculture across the state through stimulating markets for KY agriculture products, finding new ways to add value to KY agriculture products, and exploring new opportunities for KY farms and farm products."

5) Based on my experience, the Ag Development Board's use of funds is consistent with this philosophy.

- ☐ Strongly Agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree

Explain____

____

6) The ADF investments have benefited Kentucky.

- ☐ Strongly Agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree

Explain____

____

7) The ADF investments have been an effective use of tobacco settlement (MSA) funds.

- ☐ Strongly Agree
- ☐ Agree
- ☐ Disagree
- ☐ Strongly Disagree

Explain____

____

V). Is there anything else you would like to share with the Evaluation Team about the impacts and consequences of the ADF investments including the Kentucky Agricultural Finance Corporation?

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Survey tables

Non-model survey tables

Table A.1: *Responses to: "Based on my experience, the Ag Development Boards use of funds is consistent with the Board investment philosophy."*

Response	Large (N=31)	Medium (N=33)	Small (N=25)	Total (N=89)
Strongly Agree	81%	82%	48%	72%
Agree	13%	12%	40%	20%
Disagree	3%	3%	12%	6%
Strongly Disagree	3%	0%	0%	1%
N/A	0%	3%	0%	1%
Total	100%	100%	100%	100%

Table A.2: *Responses to: "The ADB has six major priorities or goals. Which of these is the main priority or goal that your project contributes to?"*

Response	Large (N=31)	Medium (N=33)	Small (N=25)	Total (N=89)
Marketing and market development	77%	61%	92%	75%
Improving access to capital	7%	12%	4%	9%
Financial incentives for environmental stewardship	0%	3%	0%	1%
Farm family education and computer literacy	10%	9%	4%	8%
Supporting local leadership	3%	3%	0%	2%
Research and development	3%	9%	0%	4%
N/A	0%	3%	0%	1%
Total	100%	100%	100%	100%

Table A.3: *Responses to: "Please identify which outcomes and impacts apply to your organization."*

Response	Large (N=31)	Medium (N=33)	Small (N=25)	Total (N=89)
Increased net farm income for local farmers	97%	85%	100%	93%
Provided support for agricultural entrepreneurship	90%	82%	76%	83%
Added value to KY agriculture products	94%	67%	88%	82%
Enhanced an existing farm enterprise	84%	79%	84%	82%
Enhanced the viability of part-time farmers	81%	82%	80%	81%
Expanded an existing market for KY ag products	84%	67%	84%	78%
Created a new market for KY agriculture products	74%	64%	84%	73%
Created new jobs in the local economy	84%	70%	64%	73%
Enhanced the viability of young farmers	74%	76%	60%	71%
Developed a new agriculture related business	71%	64%	68%	67%
Developed new products	77%	48%	48%	58%
Supported local leadership development	61%	52%	52%	55%
Conducted new ag research and development	71%	58%	24%	53%
Made loans or grants to farmers	45%	12%	4%	21%
Increased farmer computer literacy	35%	12%	8%	19%

Table A.4: *Responses to: "Have you met some or all of your goals and objectives outlined in your ADF proposal?"*

Response	Large (N=31)	Medium (N=33)	Small (N=25)	Total (N=89)
Yes	97%	97%	100%	98%
No	3%	3%	0%	2%
Total	100%	100%	100%	100%
All	48%	33%	72%	50%
Some	48%	64%	28%	48%
None	4%	3%	0%	2%
Total	100%	100%	100%	100%

Table A.5: *Percent of yes responses to: "Has this project helped tobacco farmers, and tobacco impacted communities?"*

Response	Large (N=31)	Medium (N=33)	Small (N=25)	Total (N=89)
Tobacco farmers	100%	94%	100%	98%
Tobacco impacted communities	100%	94%	100%	98%

Table A.6: *Responses to: "How many farm youth are affected by this project?"*

Response	Large (N=31)	Medium (N=33)	Small (N=25)	Total (N=89)
0	0%	9%	0%	3%
1 to 10	3%	24%	36%	20%
11 to 25	14%	7%	24%	14%
26 to 50	3%	9%	4%	6%
51 to 100	10%	6%	8%	8%
More	35%	15%	12%	21%
N/A	35%	30%	16%	28%
Total	100%	100%	100%	100%

Table A.7: *Responses to: "What type of outside assistance did you receive during the initial implementation of your project?"*

Response	Large (N=31)	Medium (N=33)	Small (N=25)	Total (N=89)
Preparing proposal	32%	55%	48%	45%
Initial implementation	35%	52%	24%	38%
Financial planning	45%	18%	12%	26%
Marketing	32%	42%	12%	30%
Crop or livestock production	35%	27%	20%	28%
Processing	29%	21%	24%	25%
Product development	26%	15%	8%	17%
Leadership development	42%	3%	12%	19%
Other	26%	12%	16%	18%

Table A.8: *Responses to: "The ADF money was a critical component to starting this project."*

Response	Large (N=31)	Medium (N=33)	Small (N=25)	Total (N=89)
Strongly Agree	81%	79%	64%	75%
Agree	13%	18%	16%	16%
Disagree	3%	3%	12%	6%
Strongly Disagree	3%	0%	8%	3%
N/A	0%	0%	0%	0%
Total	100%	100%	100%	100%

Table A.9: *Responses to: "My business or project will be able to continue after the ADF money has ended."*

Response	Large (N=31)	Medium (N=33)	Small (N=25)	Total (N=89)
Strongly Agree	69%	64%	60%	65%
Agree	16%	24%	28%	22%
Disagree	6%	9%	4%	7%
Strongly Disagree	6%	3%	4%	4%
N/A	3%	0%	4%	2%
Total	100%	100%	100%	100%

Table A.10: *Responses to: "The ADF investments have benefited Kentucky."*

Response	Large (N=31)	Medium (N=33)	Small (N=25)	Total (N=89)
Strongly Agree	81%	82%	72%	79%
Agree	19%	12%	28%	19%
Disagree	0%	0%	0%	0%
Strongly Disagree	0%	0%	0%	0%
N/A	0%	6%	0%	2%
Total	100%	100%	100%	100%

Table A.11: *Responses to: "The ADF investments have been an effective use of tobacco settlement (MSA) funds."*

Response	Large (N=31)	Medium (N=33)	Small (N=25)	Total (N=89)
Strongly Agree	65%	70%	60%	65%
Agree	35%	24%	36%	32%
Disagree	0%	0%	4%	1%
Strongly Disagree	0%	0%	0%	0%
N/A	0%	6%	0%	2%
Total	100%	100%	100%	100%

KAFC survey tables

Table A.12: *Responses to: "Based on my experience, the Ag Development Boards use of funds is consistent with the Board investment philosophy."*

Response	Borrowers (N=20)	Lenders (N=10)	Total (N=30)
Strongly Agree	50%	50%	50%
Agree	35%	50%	39%
Disagree	10%	0%	7%
Strongly Disagree	5%	0%	4%
N/A	0%	0%	0%
Total	100%	100%	100%

Table A.13: *Responses to: "The ADF investments have benefited Kentucky."*

Response	Borrowers (N=20)	Lenders (N=10)	Total (N=30)
Strongly Agree	60%	88%	68%
Agree	40%	12%	32%
Disagree	0%	0%	0%
Strongly Disagree	0%	0%	0%
N/A	0%	0%	0%
Total	100%	100%	100%

Table A.14: *Responses to: "The ADF investments have been an effective use of tobacco settlement (MSA) funds."*

Response	Borrowers (N=20)	Lenders (N=10)	Total (N=30)
Strongly Agree	65%	75%	68%
Agree	35%	25%	32%
Disagree	0%	0%	0%
Strongly Disagree	0%	0%	0%
N/A	0%	0%	0%
Total	100%	100%	100%

Table A.15: *Responses to: "Have you (or has the borrower) accomplished the purpose of your (their) KAFC loan?*

Response	Borrowers (N=20)	Lenders (N=10)	Total (N=30)
Yes	100%	100%	100%
No	0%	0%	0%
Total	100%	100%	100%

Table A.16: *Responses to: "We received enough KAFC money to successfully implement this project.*

Response	Borrowers (N=20)	Lenders (N=10)	Total (N=30)
Strongly Agree	30%	50%	36%
Agree	50%	50%	50%
Disagree	20%	0%	14%
Strongly Disagree	0%	0%	0%
N/A	0%	0%	0%
Total	100%	100%	100%

Table A.17: *Responses to: "Have you applied for any ADF grant or loan funds?*

Response	Borrowers (N=20)
Yes	50%
No	50%
Total	100%

Table A.18: *Responses to: "The KAFC money helped me (or the borrower) leverage other funds for this project."*

Response	Borrowers (N=20)	Lenders (N=10)	Total (N=30)
Strongly Agree	45%	50%	46%
Agree	45%	50%	46%
Disagree	10%	0%	8%
Strongly Disagree	0%	0%	0%
N/A	0%	0%	0%
Total	100%	100%	100%

Table A.19: *Percent of yes responses to: "Has this project helped tobacco farmers, and tobacco impacted communities?"*

Response	Borrowers (N=20)	Lenders (N=10)	Total (N=30)
Tobacco farmers	70%	88%	75%
Tobacco impacted communities	80%	100%	86%

Table A.20: *Responses to : "How far into the future do you see the benefits of this project reaching."*

Response	Borrowers (N=20)	Lenders (N=10)	Total (N=30)
Short term	0%	0%	0%
Intermediate	15%	12%	14%
Long term	85%	88%	86%
N/A	0%	0%	0%
Total	100%	100%	100%

Appendix B

Project briefs

Non-model project briefs

Business: Owensboro Grain Company LLC
Project Title: Bio-Diesel Plant ADF forgivable loan - $1,000,000 KAFC Ag Processing loan -$5,000,000
Description: Owensboro Grain Company (OGC) is a privately owned company founded in 1906. OGC produces edible oils and soy products including soybean meal, soy hull pellets, soy oil and lecithin. Annual sales of the company are approximately $300 million dollars. OGC purchases approximately 30 million bushels of soybeans annually of which approximately 45% are grown in Kentucky (13-14 million bu.).

Goals stated in the Terms sheet: (Evaluation Team comments in italics)

1. Build a 30 45 million gallon bio-diesel processing plant. *Accomplished. Due to open Sept. 2007*
2. Produce and sell 35-45 million gallons of bio-diesel fuel annually *Built a plant capable of producing 45 million gallons of bio-diesel annually, not operational as yet.*
3. Amortize a 10 year forgivable loan by providing $100,000 in discounted fuel prices to KY tobacco farmers (max of $1,000 per farmer). *OGB plans to offer rebates of $.50 per gallon of fuel purchased by KY tobacco farmers.*
4. Potentially create an increased demand for soybeans resulting in an additional 12 cents per bushel local market price. *Plant is not operational yet.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Potentially the demand for soybeans could have lessened due to less demand for hydrogenated soy oil. However other bio-diesel plants would be interested in purchasing soy oil for conversion to bio-diesel.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *Assurance of continued demand for 14 million bushel of KY soybeans. Potentially an increase of 5% in demand for soybeans to make bio-diesel fuel. A 5% increase in demand for $6 dollar beans amounts to $.12/bushel X 14,000,000 bu. = $1,680,000 in additional NFI*
3. How have ADF investments leveraged other resources? *Yes, approximately 3/1 dollars leveraged. $6 m in ADF and Ag Finance Corp funds used to build a $19 m plant*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *N/A*

Business: Kentucky 4-H Foundation, formerly Friends of Kentucky 4-H, Inc.
Project Title: Youth Endowment Program ADF grant $2,000,000.00, October 2001
Description: Friends of Kentucky 4-H, Inc., now Kentucky 4-H Foundation, was founded in 1974 to financially support the Kentucky 4-H Youth Development Program. The foundation is a private non-profit 501(c)(3) organization in partnership with the Kentucky Cooperative Extension, University of Kentucky College of Agriculture, and Kentucky State University. The foundation has a board with 25 members from all across the state that sets the by-laws and oversees the foundation.

Goals stated in the Terms sheet: (Evaluation Team comments in italics)

1. Establish the Venture Capital Endowment *accomplished*
2. Use income from the $2M investment to fund grants through the KY 4-H program. *accomplished*

3. Funded grants will provide training and development that leads to innovative and creative enterprises that have a high probability of developing into new business/career opportunities.*accomplished*
4. Have funds serve as a resource for programming through Cooperative Extension for Kentuckys youth and their communities who are transitioning from tobacco production to other enterprises. *accomplished*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Over 9,000 Kentuckians would not have educational opportunities to help them diversify from tobacco by becoming leaders and creating new business opportunities.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *Over 9,000 Kentuckians from 99 counties have been educated and/or financially supported in new business endeavors. 25 venture grant projects have been funded from between 2003 and 2006. $481,235 total has been given to the 25 projects so far for financial assistance, this money was matched 1/1by the applicants. The Foundation now has its first executive director. Some venture grant projects support environmental stewardship and Ag entrepreneurship.*
3. How have ADF investments leveraged other resources? *Individual projects must match 50/50 in order to be approved for funding from the 4-H foundation, this resulted in approximately $481,235 in additional funds. By having a full time executive director, the foundation was able to raise an additional $600,000 in funds.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *Educate and support youth to become future leaders in their counties and as entrepreneurs.*

Business: Aquaculture of Kentucky, Inc
Project Title: Fish hatchery, fingerling production and value-added products $411,500 Forgivable Loan, March 2003
Description: Aquaculture of Kentucky is a privately owned fish farm, hatchery and nursery located in Farmington, KY. The founder, Dr. Robert Goetz was an owner and operator of a successful aquaculture farm in Arkansas. He sold his interest in the business and moved back to his home state of Kentucky to start a new aquaculture farm. In September of 2002 Dr. Goetz applied for ADF money.

Goals stated in the Terms sheet: (Evaluation Team comments in italics)

1. Will make available to KY fish farmers hybrid striped bass fingerlings at 50 cents each. *Done*
2. Will make available to KY fish farmers paddlefish fingerlings (12 14) at a breakeven cost of $1.70 each. The fish will reach market sizes (5-10lbs. each) within 6-12 months. Will purchase the market size fish at a competitive price based on the following incentive plan: *Will pay $1.00/lb (live weight) if paddlefish survival of at least 75%. Will pay $.80/lb (live weight) if paddlefish survival is greater than or equal to 50% but less than 75%. Will pay $.60/lb if paddlefish survival is less than 50%.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *KY aquaculture farms would have less access to valuable seed stock of specialty fish species in demand with out of state markets, i.e. paddlefish, large mouth bass, hybrid striped bass and tilapia.*
2. What have been the quantitative and qualitative impacts of ADF expenditures?
3. How have ADF investments leveraged other resources? *Yes, the ADF forgivable loan was 35 of the total project cost.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *Provides opportunities to purchase and raise alternative fish species besides catfish and trout.*

Organization: Bath County Agricultural Extension Foundation, Inc.
Project Title: Agriculture Education and Marketing Center $1,510,000 Grants in December 2002 and November 2003
Description: The Bath County Agriculture Education and Marketing Center will include a covered farmers market, a store front, certified commercial kitchen, meeting facilities, light processing unit, and extension offices. The Center will provide education and support for the sale of local commodities and value added products, independent food product development, and other educational programs. Donated land (2001) and a USDA Rural Development Grant (2002) provided the matching funds required for approval. The application to The Board was approved in 2003.

Goals stated in the Terms sheet: (Evaluation Team comments in italics)

1. Provide additional markets for area farmers produce by providing the facilities for value added processing, education and training facilities for production, processing, and marketing, a permanent facility for Farmers Market direct sales, provide facilities for product development, provide a more secure market for local producers through sales to government institutions (schools, prisons, universities), provide the necessary staff to operate each component of the project, including production, processing, and marketing.
2. Lessen the regions dependency on tobacco.
3. The goal and objective of the Bath County Agricultural Extension Foundation, Inc. is to provide the legal funding body to meet the needs of the Bath County Extension District Board in their efforts to provide improved funding and facilities for the operation of the Bath County Extension Service.

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *One of Kentuckys most tobacco dependent regions would be lacking new farmer's market facilities.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *Examples were provided for 13 of 16 possible impacts. Estimated that half of the growers selling at the farmers market or the produce auction are part time. The projected has affected 51-100 farm youth. Sewer lines have been provided to 104 homes and businesses as a result of this project. Produce auction sales for 2005 = $20,000, 2006 = 24,260 and 2007 = $29,663. Total produce auction sales for the three year period = $73,923.*
3. How have ADF investments leveraged other resources? *Rural development grant and land donation were used to match ADF money.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *This project supported local leadership through the egg coop executive officer committee and the produce auction board. Entrepreneurial leadership has been supported by opportunities provided to market products.*

Organization: Boones Abattoir, Inc.
Project Title: Livestock Slaughter and Processing Facility
Award: ADF forgivable loan $572,676, June 2004
Description: Boones Abattoir Inc. is a family owned business that has been in operation for 55 years. They process cattle, hogs, lamb, goats and buffalo in a USDA inspected facility. They process for local farmers as well as operating a retail store for walk in meat customers. While in the process of applying for ADF money to expand there operations, the facility was severely damaged in a fire (April 1, 2004). At that time there was only two other USDA inspected meat processing facilities available for farmers to use in Central KY. The loss of Boones processing capacity would have reduced the USDA inspected beef processing capacity in Central Kentucky by 40%. (From 100 head / week down to 60 head/week). Boones was awarded a forgivable loan in the amount of $572,676 over 20 years at zero percent interest and amortized at $28,634 per year.

Goals stated in the Terms sheet: (Evaluation Team comments in italics)

1. Allow for the continuation of USDA inspected custom meat slaughter for KY farmers who market direct to consumers. *Facility has been built back new and larger*
2. Provide new and expanded services to farmer/direct marketer customers. *Additional cold storage added to allow aging of beef for customers.*
3. Create new value-added products for the farmer/direct marketer customers. *New equipment added to make value-added products: brats, hot dogs, jerky, bacon, sausage patties, and smoked products.*
4. Expand the service area up to 80 miles from the plant 15 counties mentioned in the interview. Expand the weekly kill rate from 23 head of cattle and 150 head of hogs per week. Mr. Boone estimated they currently kill and process 30 beef, 30-40 hogs and 3-4 goats or lamb per week on average, more at peak times. Provide a 5% discount on services to KY producers who direct market. *Accomplished*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *There would be less processing capacity for farm direct marketers to get there animal processed under USDA inspection, which is a requirement in order to sell processed meat wholesale or retail.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *$370,000 estimated in annual net farm income. An additional 40 head of cattle processing capacity per week, plus hogs, lambs and goats. 40 farms selling value-added (USDA inspected) meat.*
3. How have ADF investments leveraged other resources? *An additional $732,767 of private funds went into the project.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *40 direct marketers can receive experienced advice on meat processing and marketing.*

Organization: Buffalo Trace Area Development District (BTADD)
Project Title: Agricultural Revolving Loan Fund for Buffalo Trace Area
Award: Grant $1,000,000 November 2003
Description: BTADD serves 8 counties in Northeast Kentucky; including Bath, Bracken, Fleming, Greenup, Lewis, Mason, Robertson, and Rowan Counties (3 are in top 10 most tobacco dependent). An agriculture-related revolving loan fund was established to attract and promote diversified businesses to the region. 4 Seasons Marketing, LLC, a company that markets specialized feed, was the first recipient. Before the funds the company was marketing out-of-state products in Kentucky and had 30-40 full-time. After the loan they manufactured nutritional supplement blocks, tubs, and bags containing trace minerals. They use Kentucky agriculture products to manufacture a value added agriculture product marketed in and out of Kentucky, and have 50-60 full-time employees.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Construct, or acquire and improve, a manufacturing facility in Fleming County. Generate additional product demand while creating jobs for the local economy and utilizing Kentucky produced farm products (distillers grain from Hopkinsville and soybean meal from Lewis County). Provide multiple forms of supplementation that can include vitamins, protein, minerals, or medication depending on the producers needs and objectives. Positively impact local trucking and timber industry since all Ultralyx products are shipped on hardwood pallets (pallet manufacturers and trucking companies in area). Lower input costs for Kentucky Livestock producers due to reduced transportation costs (4 Seasons previously marketed products produced in Illinois, Georgia, Kansas, and Iowa). Transfer demand for labor to local economy. BTADD in general: Make recaptured available to relend for the benefit of new or expanding agriculture related enterprises in the Buffalo Trace region.

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Livestock production costs would be higher in Buffalo Trace area, capital for agricultural entrepreneurs and technical assistance for farmers would not be available.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *Sales increased from $6.5m to ¿$9m, Ultralyx sales increased from $1m to ¿$7m. 30,000 tons of product manufactured in 2006 (31% loose mineral, 45% poured protein tubs, 24% small pressed blocks). 15-20 new jobs (fulltime?). Just in time supply program, minimal ingredient supply problems. First new loan made to Northern KY Cedar for $75,000.*
3. How have ADF investments leveraged other resources? *$1.5m in other funds*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *BTADD loan board members are county and regional leaders, so far 4 Seasons is an agricultural entrepreneurship success.*

Organization: Kentucky Agriculture Heritage Center
Project Title: Kentucky Agriculture Heritage Center
Award: Grant $1,000,000—June 2006
Description: The Kentucky Agriculture Heritage Center will create an environment for learning, reflecting on the past, showcasing the present, and fostering the advancement of Kentucky agriculture. Agricultural development funds will be used for the market and development study, the architectural design and development, and the marketing and promotion of the center.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Complete a business development and marketing study for the center
2. Complete the final architectural design for the center.
3. Continue to work with Kentuckys agricultural organizations to secure their input and involvement on the development of the center.
4. Develop a grass roots effort with county agricultural leaders to ensure that the agricultural history of all counties is represented in the development of the center.
5. Continue to develop the relations with the Kentucky History Center in an effort to establish an overall program of Kentuckys agricultural industry.

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *This project was already started before the grant. The grant is a small part of the total project.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *85-95 people will be hired. Tens of thousands of youth will be affected by planned statewide youth education programs. New store, new promotional programs, and an interactive facility.*
3. How have ADF investments leveraged other resources? *By matching funds and development grants.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *Kitchen and market will support Ag entrepreneurship. Agriculture and school groups who use the facility will contribute to local leadership development.*

Organization: Kentucky Department of Agriculture Agri-tourism Interagency
Project Title: Agri-tourism Study and Coordinator
Award: Grant $400,000, July 2003
Description: The Agri-tourism Interagency is an interagency between KDA and the Kentucky Department of Tourism (the two organizations have already agreed to continue paying the Agri-tourism Directors salary indefinitely after the ADB money has run out). The Interagency acts as a clearing house for information and as an advocate/liaison to the legislature on behalf of businesses. Information provided to individuals includes that on insurance, zoning regulations, signage and advertising opportunities, etc. This information is provided through educational work shops, seminars, at regional agri-tourism group meetings, and training sessions. The overall purpose of the Interagency is to make agri-tourism a viable part of the tourism business for the state of Kentucky.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Hire a full-time agri-tourism coordinator who shall be an employee of KDA. The coordinator shall have overall responsibility to facilitate, coordinate, and manage the activities of the program and will be charged with leading and documenting the comprehensive development of the Kentucky Agri-tourism statewide plan. *Accomplished*
2. Create a statewide master plan. *Accomplished although a continuous work in progress.*
3. Retain an independent third party, with specific background in tourism, for the purpose of conducting feasibility and marketing study. Third party will produce a document that establishes a framework and guidelines for marketing agri-tourism in the Commonwealth. *Accomplished*
4. Host retreat workshops and planning sessions in each of Kentuckys 9 tourism regions. *Partially accomplished. Five out of the nine regions have established agri-tourism organizations with the help of the Interagency and thus have had works shops and training sessions. The Interagency continues to work to create the final four organizations in the state.*
5. Develop a state of Kentucky Agri-tourism website. *Will be accomplished very soon.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Agri-tourism would not be a viable part of the Kentucky tourism business.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *5 regional agri-tourism organizations have been created. 15-20 new ag related businesses have been created. More than 100 mostly seasonal jobs have been created. Almost all farms involved have added retail components and or began making value-added products including salsa, apple pies, and canning. Net sales have increased for 250+ farmers due to the increase in KY farm commodities purchased by the 45-50 participants. Educational seminars and workshops have been conducted throughout the state to promote leadership and entrepreneurial development. A new viable market is being stimulated to help farmers diversify away from tobacco especially.*
3. How have ADF investments leveraged other resources? *The Interagency was able to leverage $249,171.43 from the USDA Rural Business Enterprise Grant fund due to having the ADB funds. The ADB funds also lead to an agreement between KDA and the Kentucky Department of Tourism to continue to fund the Agri-tourism Director indefinitely.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *This Interagency has supported county leadership and entrepreneurship through regional agri-tourism organizations so far in five out of nine Kentucky regions.*

Organization: Commodity Growers Cooperative Association, Inc.
Project Title: Buffalo Trace Hay and Produce Auction
Award: ADF Grant $190,000, November 2003
Description: Commodity Growers Cooperative Association (CGC) is a non-profit farmer organization started in 1943 that is operated as a subset of the Burly Tobacco Cooperative in Lexington, KY. Commodity Growers Co-op seeks to help farmers diversity into additional crops other than tobacco. In September of 2003 CGC applied for an ADF grant in order to build an auction facility in N.E. Kentucky to sell hay and produce crops. The goal was to provide market opportunities to expand hay and produce production in the area and thereby create additional farm income.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Establish wholesale hay and produce auction in Maysville KY that will create marketing opportunities for producers as well as improve the profitability of their farm operations. *Built a wholesale produce and hay auction facility in the Maysville area. Conducting produce and hay auctions. Providing additional marketing opportunities for hay and produce.*
2. The recipient or its affiliate shall promote, market and manage the day-to-day operations of the auction the first year. After the initial year of the auction, a grower group may be organized to manage the auction. *Promotion is on-going. A grower advisory board has been established. CGC is still providing the auction management at this time.*
3. Other requirements pertained to the matching of ADF grant funds. *Accomplished.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *There would be one less marketing outlet in N.E. Kentucky for wholesale sales of produce and hay.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *Approximately $150,000 in produce sales and $20,000 in hay sales during the first three years of operation. CGC auction manager and the County Agriculture Extension Agent believe the produce auction will grow, particularly in light of some new Amish farm families moving into the area. They have 675 buyers and 250 sellers names on the auction records at this time. Some of the produce sales have had 100 or more people in attendance. The 2006 project report to GOAP states 95 farmers have been impacted to date from 9 counties.*
3. How have ADF investments leveraged other resources? *Over a 100% match.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *There appears to be community support for the auction.*

Organization: Burns-Larkins Farm, LLC

Project Title: Goat Farm Expansion and Enhancement
Award: ADF loan $182,660 and ADF Grant of $77,250, February 2002
Description: Burns-Larkins farm was a for profit farm located in Mercer County, KY that focused on Boer Goat production for breeding stock. During its operation the BLF was the largest goat farming operation in the state. Two Mercer county farmers; Bobby Watts and Michelle McAfee started raising Boer Goats (1996) during the early stages of goat production interest in the Southeast. They met with some success. They teamed up with a larger landowner Ms. Laura Murrell to expand the goat enterprise. A business plan was developed to increase the size of the breeding flock, build additional facilities and work with the University of Kentucky to provide a goat demonstration farm facility to advance Boer Goat production throughout the state.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Provide a source of reliable economic data on raising meat goats in Kentucky. *Burns Larkins Farm was not a typical farm operation or marketing structure because of this the farm may not have been useful in terms of economic data. The farm is no longer in operation.*
2. Provide a practical source for those developing educational materials on meat goats in Kentucky. *Accomplished in terms of animal husbandry but maybe not economics.*
3. Provide a large scale site for field days and more specialized goat producer training sessions with adequate animals available at all stages throughout the year. *Accomplished.*
4. Provide orientation tours for interested farmers year round. *Accomplished.*
5. Provide a large farm convenient to UK, KSU and travel from around the state. *Accomplished. However, the farm is no longer in operation.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *KY farmers were provided for four years 2002–2006 with a meat goat demonstration farm for educational and research purposes. Kentucky goat farmers would be less informed and therefore less efficient in goat production with out this project.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *Direct sales generated for other KY goat farms: Approximately 450 meat goats sold through the Fort Harrod Goat Association valued at $31,500 in annual sales for four years = $126,000 in goat sales. For an estimate of the value of education, training and research activities of the farm: Approximately 1,000 people visited the goat farm over the four year period of operation. Assuming 70% of these people were in or entered goat production and that all of these producers learned better goat husbandry techniques and further that the result was production improvements of 20%. With an estimated average goat herd size of 25 head, a 20% increase amounts to 5 goats. 5 goats X 700 producers X $70 each = $245,000 in goat income improvements for the total life of the project.*
3. How have ADF investments leveraged other resources? *The ADF funds were used to leverage a $300,000 bank loan for the project.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *The Fort Harrod Goat Association is still in operation and holding goat shows and sales in the area.*

Organization: Burton Livestock, Inc.
Project Title: Holstein Heifer Replacement Program
Award: Forgivable loan $419,818, June 2006
Description: Burton Livestock raises replacement dairy heifers on contract for dairies, mostly Dutch Dairies in the upper mid-west US. Burton Livestock contracts to purchases new born dairy heifer calves from diaries and raise them to the bred heifer stage. He then sells the heifers back to the dairy they were born at. Mr. Burton works with other farmers in the area to have the calves bottle fed, back grounded, and then bred before they are ready for sale.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Expand Burton Livestock facilities and purchase equipment to increase their dairy heifer replacement business. Equipment includes a weaning barn, additional concrete feeding areas for larger cattle, and a silage chopper. *Accomplished.*
2. Contract with other farmers in the area to help raise the heifers as well as grow crops to feed the heifers (minimum of 10 tobacco dependent farmers per year). *Accomplished.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Some Kentucky tobacco-dependent farmers would not have diversified into Holstein heifer replacement raising without Burton Livestock. Burton Livestock would not be able to be as successful as it is without the ADF funds.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *35-40 farmers have joined the Burton livestock heifer replacement business under contract arrangements. Mr. Burton states that currently they are paying approximately $80,000 per month to other farms for their work to background cattle between 400-800 pounds. Mr. Burton states that currently they are paying approximately $40,000 per month to other farms for their work raising bottle calves. Mr. Burton states they currently pay out $1.4 Million dollars annually to contracted farmers for livestock*

raising. Burton livestock has hired 11 additional full-time employees from $8-$15/hour. 5 young farmers are involved, 5 part time farmers are involved.

3. How have ADF investments leveraged other resources? *The ADF investments helped Burton Livestock leverage a $5 million loan from Farm Credit Services.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *This ADF funded project has not contributed to county leadership. Entrepreneurial leadership is being demonstrated by the owners of Burton Livestock.*

Organization: Kentucky Cattlemens Association (KCA)
Project Title: Collaborative Marketing
Award: Grant $1,930,000, February 2003
Description: KCA is a non-profit organization that received a one time grant from the ADB for promotional and educational efforts. The grant was used in a collaborative effort to promote Kentuckys beef, pork, and vegetable industries as well as educate consumers and children about the importance of KYs agriculture industry. Most of the funds have been used to purchase advertising: TV ads, print ads, website development and RFD TV shows. Another large component has been funding COSI: "KY Ag Adventures traveling youth agriculture learning experience for grades K through 6.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Promote the achievements of the cattle, hog, and vegetable producers and their producer groups that have received funding from the ADB. *Accomplished and continuing.*
2. Increase marketing efforts for cattle, hogs and vegetable producers, in order to make the commodity a consumer demanded and viable end product. *Accomplished and continuing.*
3. Create promotional initiatives that focus on buyers of Kentucky cattle, and assist those buyers in distinguishing Kentucky cattle from others in terms of quality and consistency. *Accomplished and continuing.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Less Kentucky consumers and policy makers would be aware of Kentucky produced beef, pork, and vegetables without the ADF investments which made this marketing campaign possible. Also, thousands of the states youth would have less educational opportunities related to agriculture.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *CPH 45 sales have increased since beginning of the ad campaign, specifically with out of state buyers. Increased awareness of KY markets. 77,151 Kentucky youth have participated in the Ag Adventures program between 2005 and 2007.*
3. How have ADF investments leveraged other resources? *Advertising money was matched with beef and pork check off dollars, magazine ads leverage free publicity with articles about KY agriculture, stockyards matched some advertising money, and CPH 45 producers funded 50 cents per head check off fee for promotions.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *N/A*

Organization: Cumberland Farm Products Association, Inc.
Project Title: Cooperative equipment upgrade and operating capital
Award: $684,649 total
Description: Cumberland Farm Products (CFP) is a private non-profit vegetable marketing facility in south central Kentucky with members/growers from counties in the Lake Cumberland area plus ten other counties in Kentucky. CFP was organized in 1969 by a few small farmers committed to growing small acreages of various commercial vegetable crops to be marketed through the cooperative. The co-op has struggled in recent years as some members have found other more lucrative markets to sell there produce to and others have stopped farming. Wholesale sales of cabbage only occurred in 2005 and 2006. The wholesale packing and shipping operations of the co-op stopped after the 2006 produce season.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Continue to provide services to Russell, Casey, Green, and Taylor county growers by providing a facility to market their produce. Overall there has been less volume than was expected
2. Purchase plastic vegetable bins to replace wooden bins that are no longer approved by buyers. Purchase and install new cooler walls and ceiling. Update computer system at Russell Springs and Monticello facilities.
3. Operating capital to develop marketing strategies, recruit new members, attend trainings, conduct research, and make repairs and maintenance to the facilities.

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Cumberland Farm Products would no longer exist.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *More than 40 50 tobacco farmers were impacted by this project. At least nine counties are directly impacted. 26-50 farm youth are affected by this project. Almost every farm family in the region has used the coop or been affected by it. Marketing and market development is the main priority this project contributes to.*

3. How have ADF investments leveraged other resources? *Paid the bank, cleared debt to get credit.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *Some board training.*

Business: Christian County Grain Inc.
Project Title: Corn Cleaning and Processing Plant
Award: ADF forgivable loan $292,419
Description: Christian County Grain Inc is a privately owned grain elevator located in Pembroke, KY. CCG is a family business that was started by Mr. Covingtons father. CCG buys white and yellow corn from local farmers. They then clean, store and market the grain to food and feed manufacturers. CCG started selling bagged "deer corn to Southern States Cooperative. This went well so Mr. Covington decided to expand their capacity to bag corn and had a possible deal with Wal-Mart. They also decided to expand their capacity to handle food grade corn (white and yellow) by building more grain storage to segregate the food grade corn from commodity feed corn. CCG applied for ADF funds in August of 2001.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Continue operations during the five year agreement as outlined in the business plan submitted. *On going business. Volume has not grown as fast as predicted but no change in plans.*
2. Continue to operate the business and provide specialty corn cleaning and processing to KY growers on a non-discriminatory basis. *Accomplished, on going business.*
3. Pay KY farmers a premium equal to 10 cents per bushel for specialty yellow corn and 15 cents per bushel for specialty white corn in accordance with the grower contract as submitted in the agreement with the ADB. *Currently they are paying from $0.05 to $0.15 cents more per bushel for white and yellow corn for corn chips and $0.02 to $0.03 cents more for yellow corn to be bagged for deer corn*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Twenty grain farmers would have less market opportunities to grow and sell specialty corn.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *Presently CCG is working with 20 different KY grain farms to sell into the food grade and bagged corn markets. With additional processing and storage capacity CCG will be able to expand these markets thereby providing additional premiums to KY grain farms. CCG total sales in 2006 of deer corn = 150,000 bushels. CCG sales of specialty food grade corn for corn chips = 250,000 bushels. At the premium levels stated abov,e the approximate additional farm income generated (above the normal market price) from this project in 2006 is estimated at $27,750. When the project is fully operational this amount of annual premiums paid should go up.*
3. How have ADF investments leveraged other resources? *CCG matched the ADF award with an equal amount of money.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *No effect.*

Organization: Central Kentucky Growers Cooperative (CKGC)
Project Title: Cooperative Expansion and Upgrade
Award: Total ADF funds received: $975,488 (2001-2006)
Description: CKGC is a vegetable marketing cooperative located in Georgetown, KY that started in 1998 and is currently made up of 10 farmers. The co-op started with approximately 25 acres and has expanded over the years to currently have approx. 165 acres total. Expected gross sales per year vary from approx. $700,000 to $1 Million. Co-op started in 1998 with two farmers from Scott County and two farmers from Clark County. Start up money came from Kentucky Department of Ag and the USDA.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Purchase certain equipment including forklifts, a refrigerated delivery truck, a packaging and grading line, and computer software. *accomplished*
2. Explore the possibility of using idle tobacco greenhouses to produce hydroponic lettuce. (E.g. Will act as the marketing agent for the product and will conduct project in conjunction with UK College of Ag, Bourbon and Scott County CES, and 5 local greenhouse producers.) *accomplished*
3. Update product line, continue efforts in year-round marketing, and stabilize the finances of the cooperative. *Partially accomplished. Darryl Fryman believes the goal was set unrealistically high considering the amount of products that can be processed in the current facility and market availability.*
4. Retire existing debt. Dissolve as co-op and reorganize as an LLC. *In process.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *CKGC would not be in existence under any form without the ADF investments. Most, if not all, of the other co-ops in the state would also not be in existence.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *10 full time farmer positions, 1 full time management position as well as 40 seasonal jobs. Expanded market through better equipment and expanded product*

line. Feasibility of hydroponic lettuce being grown in greenhouses in KY was confirmed. Co-op gross sales per year $700,000 $800,000 annually. Net sales from hydroponic lettuce totaled approx. $8,000. All full time farmers were previously dependent on tobacco

3. How have ADF investments leveraged other resources? *CKGC has been able to leverage USDA grant dollars; county donations of land, blacktop and site work; and member investments on farms to grow vegetable crops.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *Currently the 10 farmers involved in CKGC want to continue produce farming and turn the co-op business into a privately owned LLC.*

Organization: Community Ventures Corporation (CVC)
Project Title: Agricultural Micro Enterprise Development
Award: Grant $275,000.00, May 2002
Description: With the ADF monies, CVC utilized a three-pronged approach to assist in achieving the states goal of strengthening tobacco-impacted communities. These strategies included 1) providing training and technical assistance to assist in the start-up or expansion of agriculture related businesses; 2) providing training and technical assistance to other types of micro enterprises to assist in diversification from tobacco; and 3) providing capital to agriculture and non-agriculture businesses who cannot access conventional financing to stimulate business start-ups and expansions.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Implement a microenterprise development program targeted to Kentuckys agricultural entrepreneurs. *accomplished*
2. CVC must not approve any participant in the revolving loan program unless they have demonstrated an inability to access loans from traditional lending institutions. *accomplished*
3. Deliver specialized business planning training and technical assistance to farmers.*accomplished*
4. Establish a loan loss reserve. *accomplished*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Hundreds of farmers across the state would have never had the opportunity to receive training, technical assistance, and financial loans without CVC.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *Provided $464,100 in loans directly to farmers, and provided an additional $351,100 to entrepreneurs in ag-dependent communities. Implemented an intensive training and technical assistance program for over 300 farmers, including youth farmers, as well as non-ag related entrepreneurs, to foster start-up, stabilization and expansion of small businesses in ag dependent communities. Farm Youth Program provided 6 high school students with leadership skills development, which helped them to be successful in their respective ag communities as well as provided capital to assist the youth farmers in starting new agribusinesses. Provided capital to farmers and other types of businesses to assist them to purchase equipment, supplies, and stock.*
3. How have ADF investments leveraged other resources? *ADF monies allowed CVC to leverage approximately $650,000 in funding from other sources.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *The Farm Youth program has instilled skills into the participants that should help them to become leaders in their own agricultural communities.*

Organization: Creech Services
Project Title: Composting Production Expansion
Award: $598,309 forgivable loan and $20,000 grant, August 2005
Description: Funds used for infrastructure expansion to an existing business. The expansion consists of increasing the size of the concrete composting pad by 10 acres, expanding the no-discharge water collection basin, and constructing a finished goods storage shed. The expansion will allow Creech Services to triple their compost production. Increased production will allow Creech to provide compost to tobacco dependent farmers who can prove tobacco dependency with proof of receipt of a phase two check or a buy out check. Forgiveness of the grant for the infrastructure expansion occurs upon the receipt of product by the participant at a value of $15 per cubic yard. The raw materials that are used in the composting process are collected from horse farms in the bluegrass. This is turned into a value added product that has soil enhancement properties.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Achieve forgiveness of $59,830 per year for 10 years (40,000 yards total). *Currently 25,000 yards has been distributed, and 40,000 is expected to be complete by the end of 2008.*
2. Offer every tobacco dependent participant an opportunity to try and experience the benefits of using compost. *210 farmers so far*
3. Generate repeat business *Many farmers are repeat customers*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *If it were not for the ADF money, compost production would not have been expanded.*

2. What have been the quantitative and qualitative impacts of ADF expenditures? *Provided incentives for environmental stewardship by providing an organic soil amendment which enhances soil tilth and biological activities . It increased net farm income for local farmers (and added value to KY agriculture products, and enhanced existing farm enterprises) by providing an opportunity to increase prices and income by through organic production. Also, crop response is better with this organic compost. Two new full-time jobs were created. The project enhanced the viability of young and part-time farmers by providing opportunity for alternative production methods. Of the 210 farmers about 80% are part-time. The main priority or goal of this project is marketing and market development, but the project also provides a financial incentive for environmental stewardship. The ADF investments have helped tobacco farmers move on to producing new crops. The ADF helped the transition through trials, experiments, and economic incentives. "For once Ive seen a program that actually benefited farmers. They have embraced it and worked it. This money went to the farmers, just indirectly. Participation has been far beyond what was anticipated and repeat participation has been high.*
3. How have ADF investments leveraged other resources? *Internal funds were leveraged to finance the expansion (greater than a one-to-one match).*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *This project supported agricultural entrepreneurship by providing farmers with a local source of organic soil amendment (compost) to use on new crops. It also supported local leadership by promoting compost use through the Extension Office and Garden Club.*

Organization: UK Research Foundation
Project Title: Entrepreneur Development for NE KY (Entrepreneurial Coaches Institute)
Award: $1,282,206 grant, March 2003
Description: The Primary objective of this project is to encourage the development of new business ideas and ventures in 19 tobacco dependent counties of Northeastern Kentucky. These counties include Bath, Bracken, Carter, Elliot, Fleming, Grant, Greenup, Harrison, Lawrence, Lewis, Mason, Menifee, Morgan, Nicholas, Owen, Pendleton, Robertson, Rowan, and Wolfe. The objective to develop new businesses will be achieved, in part, by identifying and training 60 leaders from the region who are willing to work with entrepreneurs to encourage economic diversification projects. It is expected that these 60 leaders will in turn reach out to more than 3,000 others over the two-year project period.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. To conduct research on the state of entrepreneurship in Northeastern Kentucky; and to identify those "best practices in rural areas around the world in which builds entrepreneurship and economic diversification applicable to NE KY.
2. To develop a ground swell of support from tobacco farmers, community leaders and citizens by holding meetings in the region to solicit economic diversification ideas and to identify those in the region who have a reputation for assisting entrepreneurs.
3. To train a diverse group of sixty (two classes) encourages and facilitators from the 19 county region with a goal of further stimulating development of diverse economic diversification projects.
4. To challenge participants in this pilot effort to think about the lessons learned from the leadership experience so that they can help individuals and business firms in the region to initiate new business and/or expand existing ones.

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *The participants in the 19 county region of NE KY would not have the experience and education provided by the Entrepreneurial Coaches Institute.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *This project 30-40 farmers directly and 70 more indirectly. Half of the farmers impacted were or are tobacco farmers. The project impacted 18 tobacco dependent counties (19 in application). 25% of ADF funds for this project was spent on personnel and 75% was spend on operating. This project provided mini-grants to groups of farmers, support for agriculture entrepreneurship, support for local leadership development (6 people ran for political office on an entrepreneurial platform), incentives for environmental stewardship (through one mini-grant). Project included evaluation in the proposal and an independent evaluation was conducted. It was suggested that every project should have 5-10% of money set aside for evaluation purposes.*
3. How have ADF investments leveraged other resources? *Babcock foundation, ag-tourism foundation, full-time entrepreneurial coach in Maysville is a permanent funded position.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *The entire project is intended to "foment an entrepreneurial culture.*

Organization: Equus Run Vineyards, LLC.
Project Title: Winery Expansion/Upgrade,
Award: Grant $263,825.00, November 2001
Description: Equus Run Vineyards is located on a 35 acre old farm in Midway, KY. The vineyard focuses on agri-tourism but also sells wine (and other items) which is their core of competency. Their motto is "visit the vineyard and taste the experience. The owner, Cynthia Bohn, bought the property in 1997 and started the vineyard in 1998 making it into a full service winery (from soil to shelf). Equus Run has met the Agricultural Development Boards goals and priorities by converting a farm into

a wine processing facility, promoting Kentucky value-added products, expanding employment and production, and becoming a direct market for Kentucky growers.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Upgrade grape processing facilities with permits and equipment installation services, site preparation (electric, duct-work, plumbing, and loading dock), utilities (electric converter upgrade, HVAC equipment upgrade), grape processing enhancements (stainless steel equipment), refrigeration cooler upgrade, and grower education and outreach materials. *accomplished*
2. Make facility available for wine processing by any Kentucky residents who desire to create and market their own private label brand. *accomplished*
3. Provide insight, knowledge, skills and experience to producers and residents that are utilizing processing and production services as well as grape growers. *accomplished*
4. By June 30, 2003, Equus Run must have contracted with at least 21 Kentucky grape growers to purchase at least 45 acres of grapes. *accomplished*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Equus Run could not have developed into the large scale vineyard that it has become without the ADB funding. Without Equus Runs development, Kentuckys wine industry would not be where it is today.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *A new retail market for Kentucky-made products has been created (Equus Run sells honey, salmon, beer cheese, beef sausage, wholesale wine, jellies, sauces, etc. made by fellow Kentuckians). Diversification of agriculture in Kentucky has increased with Equus Run. Educational workshops have been held on how to grow grapes and prune correctly. A new venue for agri-tourism in Kentucky has flourished. Grape growers have been provided monetary compensation for environmental stewardship (an additional 10% for the extra time it takes the farmer to grow as naturally as possible). Farmers have conducted research and development of new clonal varieties. Net farm income has increased (net of approximately $3,300/acre). 43 farmers with 104 tons of grapes at $1,000/ton = $140,000 additional farm income annually. Created 15 new wine types. Have 34 total employees (3 full time with benefits, 17 year round and 14 seasonal part time staff making $9-$14/hour working 20-39 hr/week).*
3. How have ADF investments leveraged other resources?
4. How have ADF programs affected county leadership and entrepreneurial leadership? *Cynthia Bohn herself is truly a leader in entrepreneurship for the state of Kentucky as well in her own county. She is a leader in many organizations throughout the state and is asked to speak about her success with Equus Run often.*

Organization: ESF Compost, Inc. (ESF)
Project Title: On farm Composting Operation
Award: Forgivable loan $143,100, December 2003
Description: Elmwood Stock Farm is a privately owned farm in Scott County KY. The farm produces cattle, sheep, chickens, produce, hay and tobacco. Part of their farming operations are certified for organic production. In 2000 and 2001, because of the diversified nature of their farming operations the farm owners decided to participate in a compost making demonstration with the local RC&D Council. A mechanical windrow compost turner was loaned by the RC&D to start on farm composting. Based on this experience and the knowledge that local farms and a produce cooperative had organic waste that was a disposal problem, the owners decided to start a compost business. ESF Compost, Inc was formed and an application of ADF money was submitted in September 2001.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Continue operations during the five year agreement as outlined in the business plan submitted.*On going business. Volume is considerably less that originally predicted. No change in business plan.*
2. Continue to operate the business and facilities for its on-farm composting. *On going business.*
3. Offer KY farmers priority to dispose of organic waste when space is available. Sell compost at a 15% discount to farmers that bring in organic materials for processing. *Currently they are excepting organic materials but not actively pursuing business as they are not able to sell compost to farmers who can receive free product instead.*
4.

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *There would be less free organic waste disposal options available to Central KY farmers.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *N/A*
3. How have ADF investments leveraged other resources? *EFS Compost used the ADF money to leverage a bank loan*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *N/A*

Organization: Commonwealth Agri-Energy, LLC
Project Title: Ethanol Production Facility
Award: $9,500,000 Loans, January and February 2003
Description: To design and construct a grain processing plant to replace lost tobacco income, add value to Kentucky corn, and provide a cheap feed source for Kentucky cattle, poultry and aquaculture. Tobacco is a major source of income for the participants. The 30 member counties of the co-op represent 85.2 million pounds of tobacco in the state of Kentucky. 100% of the 2300 co-op members are involved in tobacco production. 2300 plus farm families directly benefit from the project. Member counties grow nearly 82 million bushes of corn. At the time of the application, every member of Hopkinsville Elevator Company was a member of Commonwealth Agri-Energy. The co-op has average annual sales of over $65,000,000 and has over 100 employees. Total project cost was approximately $32,500,000.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Create an integrated, sustainable, environmentally friendly and stable agriculture program for Kentucky.
2. The driving force for this project would be a strong statewide market for corn and other grains.
3. The grain processing plant could produce fuel and industrial grade alcohol, carbon dioxide, corn oil and corn sweeteners.
4. It would also integrate agriculture throughout the commonwealth of Kentucky by providing a reliable feed source, especially fee for swine, aquaculture, poultry, and equine.
5. Process 20,000,000 gallons of ethanol annually

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Bank loan would not have been approved without the ADB award. Kentucky corn growers would not receive as much money as they are now without this project. There would be no market in KY for ethanol, and the market for poultry, swine feed, and CO2 would be smaller.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *2300 farmers are impacted directly. Created 30 new jobs in the local economy (plant employees) plus indirect jobs. Developed several new value-added products including corn oil and wet feeds, which created a new market for KY ag products. Increased net farm income for farmers (44cents/bushel patronage refund). 22m bushels, 12m bought. Developed 1 new ag related business (Com-As. Payne Enterprises). 100% of the funds for this project were spent on equipment and construction. The project impacts 120 counties, but mostly impacts 6 counties. Many of the producers continue to grow tobacco (estimated less than 25% quit). This project expanded the existing market for corn, and enhanced the viability of young and part time farmers through the impact on its members. The plant offers public tours for various groups.*
3. How have ADF investments leveraged other resources? *ADB funds have leveraged bank loans and contributions from producers.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *This project indirectly provided support for ag entrepreneurship. This project has supported every local politician and the local chamber of commerce advisory board.*

Organization: Evans Orchard & Cider Mill (EOCM)
Project Title: Cider Processing Facility
Award: Forgivable loan $122,923, April 2001
Description: Evans Orchard & Cider Mill, LLC is a privately owned farm business in Georgetown Kentucky. The Evans family diversified their cattle and tobacco farming operation first into commercial vegetable crops and then an apple orchard. To add value to their produce crops they decided to add a cider mill and direct marketing outlet. EOCM applied for ADF money in 2001. They were one of the first ADF projects funded. The loan was awarded in April 2001. The goals of the ADF proposal were to develop a cider processing facility that was large enough to process their apples as well as apples from other KY apple orchards.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Develop a state of the art cider processing facility and provide services to all KY orchards that want pasteurized, high quality, fresh cider. *Accomplished. Evans processed approximately 15,000 gallons of cider in 2006.*
2. Make available custom cider processing to other KY orchards. *Evans processed apples into cider for eight other KY orchards in 2006. At retail ($5.00/gal) the value of the cider is estimated at $75,000.*
3. Evans Orchard & Cider Mill must continue operations and provide services to other KY apple growers for at least 5 years. *On going. The business continues and the cider operation earned its first profits in 2006.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *KY apple orchards would not have the ability to get their apples processed into cider at an in-state area processing facility.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *In addition to Evans Orchard, eight other KY orchards have gotten their apples custom processed and labeled for retail sales. The volume of cider produced went up dramatically from 2005 = 2,000 to 2006 += 15,000. 2007 being a drought year the volume is not expected*

to increase but probably will go up in the next normal production year. The value of the 2006 cider produced at $5.00 per gallon retail is $75,000, without making these (usually blemished) apples into cider this additional farm income probably would not have been generated.

3. How have ADF investments leveraged other resources? *The ADF funds were used to leverage a dollar for dollar bank loan of $123,000.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *Mr. Evans daughter was able to come back to the farm after college and be employed full-time in the cider and retail operations of their business.*

Organization: Kentucky FFA
Project Title: Youth Endowment Program
Award: $2,000,000 grant, October 2001
Description: Through Project LEAD, the Kentucky FFA Foundation has set up an endowment trust fund to create perpetual interest funds to support leadership, entrepreneurship, and agricultural development activities of the Kentucky Association FFA and the National FFA Organization. A primary aim of this project is to assist Kentucky FFA members and future agriculturalists through innovative proposals that ultimately will increase net farm income and provide economic benefits to tobacco families and tobacco-impacted communities.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. The goals and objectives outlined in this projects proposal closely tied to the goals of the Kentucky FFA and to the goals of the ADF. The goal of the Kentucky FFA is to provide incentives to members striving to develop their future leadership skills and their efforts to develop economically viable agricultural production and entrepreneurship enterprises that will lead to personal growth and future career success.
2. One of the ADF goals is to support areas related directly to the growth and expansion of agricultural economic development activity in the Commonwealth. The goal of this project is to contribute to the future development of agriculture in the Commonwealth through project FFA LEAD- Leadership, Entrepreneurship and Agricultural Development.
3. Provide college scholarships to the best and brightest future leaders the State FFA officers. Sponsorship of students to leadership based activities such as Kentucky FFA Leadership Camp, regional and state leadership conferences, Washington Leadership Conference, and others. To support the National FFA Convention as long as it is held in Louisville, KY. The conference is no longer held in Louisville, and that goal was not included in later reports.
4. Sponsorship of FFA Proficiency Awards to encourage entrepreneurship. Sponsorship and incentives for a state Agricultural Entrepreneurship Award program. Mini-grants to tobacco dependent students to develop and diversify their agricultural operations. Mini-grants to FFA Chapters for innovative projects of agricultural development and/or diversity. Sponsorship of FFA Proficiency Awards in areas to encourage development of diversified agricultural projects

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Without this project there would be fewer opportunities for farm youth to access capital.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *This project has directly impacted about 50 farm youth per year through mini-grants and cost share. $50,000-60,000 total have been awarded (10k per year). 1500-1800 youth were affected by this project through classes. Estimated half of participants are from tobacco dependent families. Estimated one third of participants are from a traditional ag background, one third part-time, and one third non-farm. 100% of the funds for this project have been spent on operating expenses including scholarships, awards, travel, and mini-grants. Increased net farm income for local farmers through expanded acreage, livestock numbers, and new enterprises. Increased farmer computer literacy through improved software.*
3. How have ADF investments leveraged other resources? *Leveraged funds from local chapters, individual participants, and national contributions.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *Supported local leadership through experience and training programs. Provided support for agricultural entrepreneurship through ag mechanics, welding, and automotive skills classes.*

Organization: Fishmarket Seafood, Inc.
Project Title: The Kentucky Freshwater Shrimp Alliance
Award: Forgivable loan $109,250, November 2003
Description: Fishmarket Seafood, Inc (FMS) is a company started in 1988 as a seafood wholesaler, processor and distributor by Steven C. Smith and Jere W. Smith (brothers). They initially had four employees and a 1,500 sq. foot facility. As the company grew over the years they increased their operations. At the time of our interview they were working from their third facility and handling a larger volume of seafood as well as other meats. Their customer base is comprised of approximately 70% retailers (Kroger) and 30% food service (Sysco). They also service a few restaurants.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Purchase equipment needed to properly process prawns into different product forms. *Contracted with the Purchase Area Aquaculture Co-op to get the prawns processed. Used the remaining equipment money to "buy down the price of KY grown prawns in order to facilitate sales.*
2. Develop an attractive packaging program including graphic design and production of high visibility bags. *Accomplished. KY Prawns were marketed in 1 lb. high graphic bags in Kroger grocery stores around the state.*
3. Work with chef and food scientists to establish safe handling recommendations, recipes and value-added product forms which best showcase the product attributes. *Accomplished.*
4. Evaluate different product forms in several potential retail environments. *Sold first in 2lb. bags with limited success. Went to 1 lb. retail bags which were more affordable for consumers.*
5. Conduct a promotional campaign to launch the product. *Advertising expense was not reported. In-store demonstrations introducing KY freshwater shrimp were conducted in Kroger stores.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Kentucky farmers, entrepreneurs, university personnel and government officials would not know if KY freshwater prawns had a larger potential beyond pond side on-farm direct sales.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *Contracted KY farmers were paid $6.00 per pound pond side for ungraded prawns for this project. A total of approximately $150,000 of prawn purchases were made during the two year trial period (2004–2005). Seventeen farms were affected. FMS achieved the loan forgiveness requirement during the course of the two years in operations.*
3. How have ADF investments leveraged other resources? *FMS estimated the total cost for their part of the project was $206,072. Using this figure the ADF funds were approximately matched dollar for dollar by the applicant.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *N/A*

Organization: Goodinview Farms, Inc.
Project Title: Vegetable and Aquaculture Processing and Marketing
Award: Forgivable Loan $439,537
Description: Goodinview Farms is a for-profit, privately owned business in Lebanon KY. They grow corn, soybeans, tobacco, cattle and vegetables. They started growing vegetables around 2000 and trucked them to Monticello, KY to be packed and sold by Cumberland Farm Products. The timing didnt work out as CFP would be shutting down about the time Goodinview was just starting to harvest their crops. They decided to build a produce packing shed and market their own produce and produce from other farms. They built a produce packing and cooling facility during 2001–2002. They began working with other farms to pack and sell their produce. They also began raising fresh water shrimp (prawns) and hybrid striped bass.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Build an operate a produce and aquaculture packing and marketing facility in Lebanon KY. *Accomplished and on going*
2. Continue to operate the facility and provide a market for Kentucky agriculture products. *On going, however there may be few other farms participating. Aquaculture production and marketing did not work out. Aquaculture production and marketing has ceased.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Marion County farmers would not have the option of growing commercial fresh produce crops for sale to out-of state markets*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *25 acres of additional produce from other farms at $1,500 per acres = $37,500 added farm income, at least $99,163 dollars of KY farm products have been purchased and marketed by Goodin View Farms (per June 9, 2006 forgiveness letter from GOAP on file) and possibly by 2007 as much as $200,00 as stated by Mr. Goodin 9-11-2007. In addition Goodin View Farms has a larger capacity to process and market produce for themselves and others.*
3. How have ADF investments leveraged other resources? *The loan was used to expand and operate a $1.4 million dollar facility built with private funds.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *N/A*

Organization: Kentucky Grape and Wine Council (KGWC)
Project Title: Technical Assistance for Wine and Grape Production
Award: Grant $785,125, July 2003
Description: The KGWC , UK Department of Ag, and the Kentucky Viticulture Society jointly applied for this grant. The KGWC was established by legislation in 2002 "to promote and facilitate the development of a grape industry in the Commonwealth of KY (KRS Chapter 260). The KGWC consists of the Commissioner of Ag or his designee, and nine members appointed by the Governor. Seven are chosen from a list of candidates submitted by the Director of the Ag Experiment Station (1), the Secretary of the Tourism Cabinet (1), and the Kentucky Vineyard Society (5). The Governor appoints two members from the citizens-at-large. The Kentucky Department of Ag provides administrative support for KGWC.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Develop a new and viable agricultural industry that is alternative for KYs small farmers. *accomplished and continuing*
2. Provide new opportunities and employment for KY tobacco farmers through diversification into commercial grape production. *accomplished and continuing*
3. Assist new and existing grape growers in producing quality grapes by providing them with research-based production expertise and guidance from the state viticulturist to secure marketability and a premium price. *accomplished and continuing*
4. Assist new and existing wineries to produce quality wines by providing them research-based winemaking expertise and guidance from the state enologist. *accomplished and continuing*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *There would be no KGWC without ADF investments. Without KGWC the state would have far fewer wine makers, grape growers, and in turn net profits from these sectors.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *585 acre increase of grapes (157 growers) and 36 additional wineries. Wine production in the state had increased by 83% in 2006 from 2005. Educational workshops and meetings have educated KY farmers how to grow grape and or make wine on a commercial basis. The State Viticulturalist and State Enologist have consulted with almost all of the wine grape growers and wine makers in the state to help improve their businesses in a variety of ways. Millions of dollars generated due to agri-tourism and wineries. Successful partnership between UK, KDA, and KGWC. Many grape and wine trials have and continue to be conducted (research and development). The potential long-term impact of the current 700 acres of wine grapes, when fully in production and made into wine could generate as much as $26.5 million dollars in wine sales and an additional 21,000 jobs in the tourism sector.*
3. How have ADF investments leveraged other resources? *The KGWC has received additional funding from KDA, USDA, Hatch funds, and new crop opportunities funding. KDA has also provided personnel resources. USDA funding: $20,366 and UK New Crops Opportunities Center $25,000.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *Project consultants have encouraged and supported grape growers and wine makers to become leaders in their own grape and wine councils as well as within their own businesses.*

Organization: Green River Produce Marketing Association
Project Title:
Award: Forgivable loans $1,238,446 ($994,543 used), 2001–2005
Description: Green River Produce Marketing Association is a non-profit farmer cooperative established in 1998 to process, package and sell fresh produce for its farm members. Previous to the co-ops incorporation a group of farmers in Hart County KY jointly cooperated to grow produce and ship it to Cumberland Farm Products in Wayne County. After incorporating as a cooperative the group received approximately $478,000 in grant funds from the Kentucky Department of Agriculture to establish a facility to wash, grade, pack, cool, and market members produce.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Put in place the building and equipment expansion needed to increase the volume of produce handled (100 acres of melons, plus smaller acres of 6 other vegetables). *Accomplished over time.*
2. Pay off 2004 operating losses and $22,582 line of credit with local bank. Use remaining 49, 510*tobeginoperationsin*2005(*March*2005*applicatio*
3. Expand the co-op acreage of vegetables to an economically viable level of 450 acres of melons, 150 acres of pumpkins and 65 acres of cabbage by 2006. *Not accomplished. Co-op upgraded their equipment and facilities to handle volume but member losses from two bad years hurt the co-op acreage. Co-op did not open in 2006 due to insufficient funds.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *There would be fewer farms in the central part of Kentucky that grow produce commercially. Out of the 14 co-op members active in 2005, 10 continue to grow produce commercially. These 10 farmers grew 120 acres of produce in 2007. The trend has been from growing high volume but receiving lower prices at the co-op, to growing less volume but receiving higher prices by utilizing farmers markets, roadside markets, produce auctions and direct sales to grocery stores.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *Total produce sales from 2000–2005 = $1,579,172. Co-op members received $944,270 in additional farm income.*
3. How have ADF investments leveraged other resources? *Cooperative Extension support, Horticulture Council funded position, vegetable variety trials and on-farm demonstrations, KY Dept of Agriculture marketing assistance, line of credit from a local bank.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *Board member experience.*

Organization: In-Town Winery, LLC

Project Title: Winery Expansion and Upgrade
Award: Forgivable loan $294,509, November 2003
Description: In-Town Winery, LLC (ITW) is a privately owned business that was started by Mr. Leonard Olson. Mr. Olson had extensive previous experience in the Michigan wine industry. An application was submitted to the ADB in April of 2003. A $294,509 ADF forgivable loan was subsequently awarded in November of 2003. The purpose of the loan was to purchase wine making and grape processing equipment for a new winery. In-Town Winery was started and is now doing business as River Bend Winery. It is a state licensed small winery that is located in downtown Louisville. The winery is open to the public three nights per week offering a bar/restaurant atmosphere and a "brew pub theme with views of the winery tanks, pumps, and facilities.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Purchase wine making and grape handling equipment to equip a new winery. *Accomplished.*
2. Continue operations during the ten year loan period and provide grape processing to Kentucky producers on a non-discriminatory basis. *No mention of custom processing services offered.*
3. Purchase Kentucky grown wine grapes and receive dollar for dollar loan forgiveness with a minimum of $29,450 annually for ten years. *Mr. Olson stated RBW has purchased approximately $115,000 of wine grapes annually from 2005–2007. Ninety-eight percent of the grapes purchased were from Kentucky. $83,087 of forgiveness achieved by 2004. This is above the minimum purchase amount required annually.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *There would be one less market for Kentucky grown wine grapes.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *105–110 tons of KY grown wine grapes purchased in 2006. Approximately $115,000 of KY wine grapes purchased from 7–8 KY farms annually for the last three years.*
3. How have ADF investments leveraged other resources? *Leverage of approximately 4 to 1 with $1.2 M dollars of private funds invested.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *N/A*

Organization: Johns Custom Meats
Project Title: Johns Custom Meats
Award: Forgivable loan $244,500, October 2005
Description: Johns Custom Meats is a privately owned (S-Corp.) business owned by Mr. John Rediess in Smiths Grove, Kentucky. They custom processes beef, pork, lamb and goats for local farmers as well as deer for hunters and beef from Mr. Rediesss farm. Mr. Rediess has been in the meat processing business for years. He operated a smaller processing facility in the area for 17 years. Mr. Rediesss sons wanted to participate in the business as well. They decided to expand the business by building a new facility that would allow them to meet USDA inspection standards and handle more volume. In December of 2004 they submitted an application for ADF cost-share money.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Build a new custom and USDA inspected slaughter facility for beef, pork, rabbit, lamb and goat. Increase their current processing capacity from two beef per day to five beef per day (1,500 per year). *Accomplished.*
2. Provide a 10% discount for processing services to Kentucky tobacco dependant producers selling direct to consumers. *At the time of the interview they were still finishing up the construction of their new facility and not fully operational. They had processed meat for two different farmers. In time they expect to have between 200–300 farm customers. They expect continued patronage from their previous customer base as well as acquiring some new customers. They will provide a discount if farm customers can show proof of past or present tobacco payments.*
3. Provide a 10% discount for the refrigerated storage of meat for Kentucky tobacco dependant producers selling direct to consumers. *Same answer as question 2*
4. Provide a 10% discount for refrigerated transportation services for Kentucky tobacco dependant producers selling direct to consumers. *Same answer as question 2*
5. Pay back the forgivable loan over the course of a ten year term with forgiveness granted each year according to the amount of discounts granted to farm customers. *plans to carry this out.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *There would be less processing capacity for locally raised meats without this project being funded from the ADF. This facility should be able to provide consumers with fresh local meats and farmers a way to get their animals "consumer sales ready in order for them to sell direct to consumers.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *A new and larger processing facility has been built which increases JCMs capacity by three head of beef per day. Potentially the increase in processing*

capacity if fully utilized would result in 900 more beef slaughtered in Kentucky. These 900 beef, if direct marketed and conservatively valued at $185 of net farm income would amount to a $166,500 dollar increase in farm income annually.

3. How have ADF investments leveraged other resources? *Bank loan of $250,000 to add to the ADF funds in order to build the facility. Also seeking a loan through the KY Ag. Finance Corporation.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *N/A*

Organization: University of Kentucky Research Foundation
Project Title: Kentucky Agricultural Leadership Program (KALP)
Award: Grant $146,360.00, November 2006
Description: The focus of KALP is to identify, develop and motivate men and women for effective leadership in agricultural and rural communities at all levels of public service. The history of this project began about a decade ago when Philip Morris funded the KALP classes. A few years ago, after funding seven classes, Philip Morris ended funding (200 people had already been through). Those involved in the program searched for funding during the transition time and looked to the Agricultural Development Board for half the cost. After receiving ADB funding, the program set guidelines and leveraged additional funds. The program costs $14,000 per participant and lasts 18 months with ten 2-day seminars and a trip to Washington DC.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Continue a statewide agricultural leadership program for 20 agriculturalists. *accomplished*
2. At least 16 of the participants must be tobacco dependent and represent a cross section of Kentucky agriculture. *accomplished*
3. Hold ten 2-day domestic seminars (two seminars where spouses are invited) and a five day travel seminar to Washington DC. *Had held three seminars at the time of the interview but plan to hold the rest by the time the 18 months is up.*
4. Keep a record of participant responses from a quantitative evaluation for each topic area as well as the questionnaire from each seminar regarding the relevance and usefulness of the session. *Has done so for the first three seminars and will continue to do so.*
5. Must collect $1,500 from each producer who participates in the program. *accomplished*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *The 20 participants would not have the opportunity to gain a vast array of knowledge applicable to Kentucky agricultural, entrepreneurial, and public service leadership.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *One current participant just started a new business and one is about to. Many young farmers are involved (21–46). The 20 participants represent 14 Kentucky counties. 18 participants are tobacco-dependent.*
3. How have ADF investments leveraged other resources? *Alumni gave $30,000, Philip Morris gave $50,000, the UK College of Agriculture gave $90,000, and the current class of 20 participants also paid $1,500 each (totaling $30,000).*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *One of the end goals of the program is that many of the participants will become leaders in their counties and in entrepreneurship. Several of the seminars focus on these leadership skills and opportunities.*

Organization: Katelyns Honey, Inc
Project Title: Kentucky Harvest Kitchen
Award: Forgivable loan $288,850, June 2006
Description: Katelyns Honey, Inc. (KH) is a small privately owned food processing company started by Mr. Millard Long. Katelyns Honey was incorporated in 1995 as an S-Corporation. They originally concentrated on making honey. In a very dry year when honey was low Mr. Long started making salsa. He has been in the food processing industry for 25 years. In his experience, it is better to make product for other companies under their brand/label than to try to build his own brand identity. Katelyns honey is currently manufacturing shelf ready foods made from KY produce such as salsa, jams, jellies, tomato sauces and apple butter. KH sells to retail and food service businesses such as Wal-Mart with their private label products tailored to specific regions of the state.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. ADF funds will be used to purchase equipment and make building improvements as outlined in the proposal. Accomplished. Business is up and running.
2. Funds awarded as a forgivable loan will be forgiven based on the amount of products purchased from tobacco dependant producers at a rate of 20 cents for each pound of product purchased. *The drought of 2007 has limited the amount of KY produce available, however they did purchase from 24 different KY farms, and 25-30,000 lbs of produce as of September 25th. Currently they are making products for 12 different private label farm customers.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *There would be three less full-time manufacturing jobs and 24 farms with less produce marketing opportunities, plus 12 farms looking some wheres else to get shelf stable foods made under their label.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *KH expected to sell approximately $500,000 of value-added products this year all made from KY ag products, KH has purchased produce from 24 different KY farms (25-30,000 lbs of produce) and currently is making products for 12 different private label customers.*
3. How have ADF investments leveraged other resources? *Bank loan of $150,000 plus investment money from the owner of the business.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *No effect on county leadership. Mr. Long makes a point of sharing with other agriculture businesses how he uses computers in his business for private label printing and financial management.*

Organization: The Kentucky Center for Agriculture and Rural Development (KCARD)
Project Title: Center for Cooperative Development and Business Assistance
Award: Grants: $400,000 August 2001, $449,735 November 2003, $400,725 April 2006
Description: 2001 inception of KCARD (originally created to help cooperative development). KCARDs purpose is to provide business and technical support across the state of KY (one-on-one assistance at individual businesses). The Board of Directors formed this non-profit org. Larry Snell has been executive director since 2002. The ADB funds 50% of KCARD annual operating budget and the USDA rural business services funds 50% of KCARD annual budget. Initially KCARD was not allowed to assist businesses that were not cooperatives. About a year and half ago this changed and they are now assisting businesses that are privately owned and have a majority of the ownership by farmers.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Provide technical, business, and educational services for emerging and existing Kentucky cooperatives. *accomplished per grant, work is on-going*
2. Provide leadership, educational, technical, and financial resources for groups and organizations seeking to enhance opportunities through cooperatives. *accomplished per grant, work is on-going*
3. Foster business success and growth by developing and delivering technical assistance and by providing educational opportunities for agriculture and rural businesses seeking to enhance their economic opportunities in and around the Commonwealth of Kentucky. *accomplished per grant, work is on-going*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Many of the co-ops would have dissolved much faster without any help from KCARD. Many businesses that are currently successfully operating owe some of their success to assistance from KCARD.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *10 jobs have been created and 155 have been saved at the groups/cooperatives KCARD assists. 55 groups/cooperatives have been assisted. KCARD works with the APES program which reaches approx. 125 youth per year throughout the state.*
3. How have ADF investments leveraged other resources? *Because ADF investments fund 50% of KCARD annual budget, they were able to leverage the other 50% from the USDA. KCARD also helps individual business seek out loans and grants. For example: through KPAA (KY Produce and Aquaculture Alliance) activities (KPAA was housed at KCARD but was a separate entity), KCARD helped farmers seek loans.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *Through assistance and encouragement from KCARD, many of the businessmen and women they work with have become board of directors and managers in their communities and in their businesses.*

Organization: Kentucky Community and Technical College System
Project Title: Computer Training for Farmers 1 & 2 and Welding Training
Award: $1,155,000 total - 2004, 2005, and 2006
Description: To teach farmers how to effectively use computer technology to keep financial records, keep inventory and livestock records, use the Internet for research and marketing, communicate through email and other general computer functions, and to be trained in welding.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Train 400 farmers or spouses in basic computer skills that directly relate to farming operation.
2. Teach 200 farmers or spouses how to keep financial records on the computer using recordkeeping software (including Quicken, QuickBooks, and Money Manager).
3. Provide 300-800 farm families with computer hardware and software.
4. Train 300 farmers in basic MIG welding and 84 farmers in advanced MIG welding techniques and provide course participants needed welding equipment and preventative maintenance tools (i.e. welding helmet, gloves, safety glasses, MIG welder, battery operated grease gun and other tools).

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *KY would probably not be ranked 46th in the nation in computer use.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *Trained 197 people in 2004, 267 in 2005, and 434 in 2006. Farmers are in a better position to keep records and use the Internet. Provided low cost computers and welding education/equipment.*
3. How have ADF investments leveraged other resources? *In-kind match from KCTCS and $70,000 from Commodity Growers Co-op.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *Computer record keeping may encourage entrepreneurship.*

Organization: Kentucky Department of Agriculture: Agricultural Marketing
Project Title: Agricultural Marketing and Marketing and Promotion
Award: Grants $5,328,300, July 2003 and August 2006
Description: The Kentucky Department of Agricultures Agricultural marketing program has five components: Kentucky Proud (which is the largest part), Kentucky Restaurant Rewards Program, Tradeshows, Infrastructure Development, and International Marketing. Allied Food Marketers, the Governors Office of Agricultural Policy, and the Kentucky Department of Agriculture (KDA) are making a joint effort with this marketing program. The main focus of this marketing program is to promote the KY Proud brand identity, build networks with retail stores, advertise KY products, help producers make their products retail friendly, get products on store shelves, and gain producer, restaurant, and retail participants.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Assist Kentucky producers and companies to promote and market products and companies through cooperative advertising assistance and program cost share assistance. All funds shall be matched with a minimum of 50%. *Accomplished and continuing.*
2. Initiate a marketing program to promote and campaign for consumer awareness of Kentucky Proud products. *Accomplished and continuing.*
3. Implement programs aimed at educating Kentucky food companies and direct agriculture marketers on best marketing practices. *Accomplished and continuing. KDA offers assistance with product label development, UPC codes, nutritional and shelf-life analysis, media kits and customer promo items via cost-share.*
4. Funds will be used for the Kentucky Proud branding, Restaurant Rewards Program, Tradeshows, Point of Purchase Materials, and International Marketing. *Accomplished and continuing. KDA receives no ADF funds for salaries, travel expenses or overhead expenses.*
5. Develop a state of Kentucky Agri-tourism website. *Will be accomplished very soon.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments?
2. What have been the quantitative and qualitative impacts of ADF expenditures?
3. How have ADF investments leveraged other resources?
4. How have ADF programs affected county leadership and entrepreneurial leadership?

Organization: Kentucky Dairy Development Council (KDDC)
Project Title: Infrastructure Development, Technical Assistance Programs, and A comprehensive market study of KYs dairy industry
Award: Grants $2,450,170 March 2005, July 2006, December 2006
Description: During a KDA summit, it was decided that KDDC should be created and 1.5 years later it formed in April 2005. Mr. Roger Thomas was hired as the Executive Director on August 15th 2005. KDDC is a non-profit organization that was formed to give the KY dairy industry a unified voice. The purposes of KDDC includes: educate KY producers on federal milk marketing order issues, improved milk production techniques, and be a resource to help individual dairy operations improve net farm income. This will also benefit infrastructure and allied industry firms. Approximately 1,100 dairy farms are currently operating in the state.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Establish the KDDC and hire an executive director. *accomplished*
2. Establish three technical assistance programs (detailed above). *accomplished*
3. Contract with Daniel Smith, Esq. to: provide a benchmark analysis for intrastate, interstate, and federal initiatives to enhance the long-term sustainability of the Kentucky dairy industry; to provide the basis of a long term strategy to sustain the capacity of the Kentucky dairy industry to supply the fluid demands of the Kentucky market place; and to present a series of industry and government actions and programs, both intrastate and regional, that may be taken to enhance performance and profitability of the Kentucky dairy industry. *in progress*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *The states dairy industry would not have an organization designed solely to enhance the industrys viability. The KY dairy industry would have less access to modern dairy production information, less incentive to make efficiency changes and less understanding of their "fit within the industry.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *41 new dairy farms participating. 26 young dairy producers participated in KDDC initiative in 2007 to receive educational and entrepreneurial guidance as well as networking opportunities. Increase dairy farm participation in the KY State fair dairy recognition dinner, in 2006 15 producers received awards for high production (RHA) and 3 producers won state quality awards. 1,125 people have attended the KDDC / ALLTECH Barn Meetings focused on milk production, quality, price and marketing issues, about 50-60% of those attending are dairy farmers. Through the incentive program, 76 producers are improving the quality of their products, increasing production, and keeping better records to in turn receive financial compensation, as of July 30, 2007 $140,000 has been awarded in the first round of quarterly incentive payments to producers. KDDC consultants are helping dairymen around the state improve efficiency, quality, and production. Youth are being educated through KY KATE program, which KDDC financially supports. KDDC estimates 125,000 people see KY Kate at events through out the year, most of these appearances are at the state fair and other county level fairs.*
3. How have ADF investments leveraged other resources? *Two allied market organizations gave money to wave registration fees for dairymen participating in KDDC programs. Also received market incentive cost- dollars (max. $500,000 per year for 2 years) from various marketing agencies.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *Young dairymen participating in KDDC initiative are beginning to take on more leadership roles in their communities as well as expand their business endeavors. Young dairymen have been given networking opportunities as well as opportunities to learn from successful dairymen both in and out of state.*

Organization: Kentucky Wood Products Competitiveness Corporation
Project Title: KentuckyVirtual.com
Award: Grant $250,000, August 2001
Description: Kentucky Wood Products Competitiveness Corporation (KWPCC) was created by the Kentucky Legislature for the purpose of establishing a de jure municipal corporation and political subdivision of the Commonwealth on KY to promote enhance and develop the secondary wood products industry within the state. KWPCC as such created a website: www.woodproductsmall.com in March of 2000 to sell KY wood products. The e-commerce website seemed to offer promise to other sectors of the Kentucky economy as well. KWPCC networked with other state agencies to formulate a proposal to start a "virtual store for all sorts of KY made goods including food and craft items.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Initial $250,000 grant given for the purpose of marketing and promoting www.kyvitual.com. *Money was awarded, site was advertised. Problems ensued with consultant services payments.*
2. Additional funding of $250,000 contingent on adding at least 50 new agricultural product venders to the site. *Not accomplished. No additional ADF funds spent. Website business dissolved.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *No difference. This project had no impact.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *No impact.*
3. How have ADF investments leveraged other resources? *There was supposed to be a dollar for dollar in-kind match of $250,000.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *No effect.*

Organization: Knotwood Craftsmen Investments Corporation, Inc.
Project Title: High-tech Woodworking Facility and Woodworking School
Award: Forgivable loan $597,000, September 2005
Description: Knotwood Craftsmen Investments, Inc (KWC) is a sub-chapter S corporation that is privately owned. ADF money was awarded to KWC in the form of a forgivable loan. The ADF funds were provided to pay 50% of the cost to build and equip a modern woodworking facility, wood working school, air drying sheds and lumber kilns in Jackson County Kentucky. KWC is currently in the process of building and equipping their facility. When fully operational KWC proposes to purchase timber from area farmers to be sawn into dimensional lumber on site then either sold to the farmer at a discount or transported back to their facility for processing into value-added wood products.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Provide a 10% discount to tobacco dependant producers on all sawing, drying, and milling services. The loan is forgiven on a dollar for dollar basis. *KWC is in the process of installing the wood working equipment into their facility and getting their equipment operational.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *S.E. tobacco farmers would have one less market for their timber and less access to discounted rough lumber, custom sawing and drying services*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *KWC is still in the pre-production phase of their project. They have sawed some timber for 12 different farms but their wood products manufacturing facility to not operational yet. Since the interview, Knotwood Craftsmen Investment Corp. has ceased operations.*
3. How have ADF investments leveraged other resources? *Investor/owners have matched the ADF funds with personal funds.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *N/A*

Organization: Kentucky State University Land Grant Program
Project Title: Honeybee Pollination Services
Award: Grant $292,750 February 2002
Description: Kentucky State University (KSU) is an 1890 land grant university with a strong tradition of research and extension focused on small farms. This project started with a proposal to the ADB in August of 2001. The proposal was written by KSU Apiculture Extension Specialist Dr. Tom Webster with the support of bee keepers and others through out the state. Grant awarded for the purpose of increasing bee keeper profitability by educating producers on bee keeping practices, promoting paid bee pollination services and providing access to honey extraction facilities for honey producers. A project manager was hired in May of 2003.

Goals stated in terms sheet: (Evaluation Team comments in italics)

Support KY beekeepers by:

1. Make available trailers to transport hives to crop fields for pollination. *Nine trailers for hive transport were purchased and leased for producer use.*
2. Make honey extraction units available to bee keepers in KY so that they can process their honey for retail or wholesale sales.*Twelve extraction units were designed, built and placed at convenient locations through out the state.*
3. Educate beekeepers and others on beekeeping and crop pollination. *Beekeeping presentations were given, a comprehensive beekeeping manual written, and a CD about beekeeping is due out soon.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *New and existing beekeepers would have less access to expensive processing equipment to extract their honey. Without the trailers purchased with this project, KY beekeepers would have less incentive to try crop pollination services as an income generating enterprise. Produce and other crop farmers have the potential to hire bee pollination services for their crops.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *Twelve honey extraction sites that processed 71,417 lbs of honey. If sold retail an estimated $3.50 / lb could be cleared after expenses. Best case scenario: $249,959 dollars of net farm income generated.*
3. How have ADF investments leveraged other resources? *KSU matching funds (salaries)*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *The twelve honey extraction sites are managed by local volunteers. Also there are 20 local beekeeper associations active in KY. The beekeeping associations and the shared honey processing would be conducive to peer entrepreneurial learning and leadership.*

Organization: Kentucky State Beekeepers Association
Project Title: Mite-resistant Honeybee Strain Development
Award: Grant $100,103, February 2002
Description: Kentucky State Beekeepers Associations (KSBA) queen raising project was intended to develop a mite-resistant queen honeybee strain. The end goal of the project is to develop a queen honeybee strain that can withstand and thrive in the Kentucky environmental conditions. KSBA has been working on stabilizing several honeybee colonies where the queen survives for several seasons. Once they have reached their desired number of surviving colonies and queens that can thrive in Kentucky environmental conditions, they will begin artificial insemination of the bees to increase the Kentucky honeybee population. Kentucky farmers benefit from honeybees through their pollination that increases their crops yields.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Research and develop a Kentucky adapted honeybee queen population and breeding stock to be used for artificial insemination. *accomplishing*
2. Increase honey yields and improve pollination of farmers crops. *accomplished*
3. Educate beginning to advanced Kentucky beekeepers on honeybee queen breeding techniques. *accomplished*
4. Purchase beekeeping equipment to be given to beekeepers for training. *accomplished*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Several individuals would not have had the opportunity to enter the honeybee business. Honey yields as well as crop pollination benefits would be less.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *Expanded beekeeping in Kentucky. Developing a Kentucky honeybee queen population and breeding stock. 4 businesses producing queens with 1,000+ sold annually. 10 Kentucky beekeepers were given education and training in beekeeping. 4 youth were given education and training in beekeeping. Several part-time farmers have been able to diversify by beekeeping.*
3. How have ADF investments leveraged other resources? *The ADF investments have not helped the KSBA leverage any additional money to date.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *This ADF funded project has not affected county leadership to date but it has increased entrepreneurship for the four beekeepers now in business selling queen honeybees.*

Organization: Kentucky Thoroughbred Owners and Breeders
Project Title: MRLS Research I and II
Award: Grants $501,200, November 2001 and March 2003
Description: Kentucky Thoroughbred Owners and Breeders worked with Dr. Jimmy Henning at the University of Kentucky to develop a contingency and monitoring plan to prevent future losses to Kentucky horse farms from Mare Reproductive Loss Syndrome (MRLS). The first grant confirmed that the eastern tent caterpillar (ETC) is the cause of early and late fetal losses in pregnant mares. Additionally, high levels of alkaloids associated with endophyte infected tall fescue were identified as a cause of losses as well. Data from 12 horse farms from Bourbon, Fayette, Jessamine, Scott, and Woodford counties was collected and analyzed.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Estimate number of viable ETC egg masses and monitor egg hatching and ETC migration. Monitor farms for alkaloids in tall fescue and relate that to fetal status.
2. Use rapid response approach to address MRLS cases that occur and document the appropriate farm and field data for correlation. Collect blood and urine samples from select populations of horses for future correlations to MRLS or reproductive problems.
3. Minimize or eliminate exposure of pregnant mares to the ETC. Keep pregnant horses out of proximity to wild cherry trees.
4. Reduce exposure of pregnant mares to endophyte infected tall fescue. Collect farm data, monitor farm and animal conditions.

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *There was no money in the foundation at the time the ADF money was awarded. They now have a research foundation with a reserve fund for critical reproductive research available as needed. Researching MRLS and identifying successful strategies to limit future problems with MRLS has been essential to maintain Kentucky as a viable market for breeding, raising, and selling thoroughbred horses.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *The award was used for 15-20% personnel costs and 80-85% operating costs. Of the 500 commercial breeding operations in Central Kentucky (estimated annual sales are $750 million), 80-90% are also tobacco farmers. There were five tobacco-impacted counties affected by the project including Fayette, Woodford, Bourbon, Scott, and Jessamine counties. This project contributed to marketing and market development by successfully addressing the problem of MRLS thereby making Kentucky once again a premier place to raise and bred horses.*
3. How have ADF investments leveraged other resources? *Industry donations were received that increased the fund to $1.3 million ($700,000 has been spent on MRLS research).*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *This project has not affected county or entrepreneurial leadership.*

Organization: Kentucky Beef Network, LLC
Project Title: KBN-1, KBN-2, KBN-3, KBN-Market Development Fund
Award: Total $8,545,863 June 2001, July 2003, September 2005, August 2003
Description: Kentucky Beef Network is a non-profit, limited liability company with the following mission statement: “The purpose of the Kentucky Beef Network, LLC (KBN) is to create an ongoing, integrated network of beef producers who are fully and equally trained to produce a consistently recognized total quality product at a reasonable and sustainable profit. The Kentucky Cattlemens Association is the sole member of KBN. The KBN was started in 2001 with an initial grant from the Agricultural Development Board in June of 2001. After six years and three rounds of organizational funding, the KBN has evolved in its activities and its focus. Originally the KBN took a broad approach to hire 20 facilitators to work one-on-one with KY cattle producers. The needs of KY cattlemen were discovered from the grass-roots with marketing identified as the number one priority. Certified Pre-conditioned for Health (CPH-45) sales of feeder cattle was targeted as a sales venue offering particular promise. After identifying those KY cattlemen had difficulty putting together 50,000 pound semi-truck load lots of like calves, KBN initiated three custom weaning and backgrounding centers. After two years of trying KBN determined that

custom weaning operations did not always yield a profit for participating farmers and that this activity was best left in the private sector.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Hire area beef facilitators to work with KY cattlemen. *Initially hired 20, now down to 10 facilitators and focused more on education, data management and market promotion.*
2. Promotion of CPH-45 sales of KY calves. *CPH-45 feeder calf sales numbers have increased approximately 516% since 2000, from 5,396 calves sold in 2000 to 33,241 calves sold in 2006. KBN estimates producers average $40.95 per head net return by selling through the CPH sales. KBN estimates producers receive an extra $1.35 million dollars annually from CPH sales. KBN provides grading assistance for KY farmers to use CPH-45 sales since 2001.*
3. Establish custom calf weaning and backgrounding centers. *5 established in 2001–2002, discontinued after 2002 due to more risks than rewards.*Establish a Market Development Fund of $2 million dollars to provide technical assistance and cost-share for upgrades to KY livestock markets and collection points, thereby facilitating individual animal source verification, internet livestock sales, and carcass evaluation of feeder cattle. *40 markets have applied for funding, 21 livestock markets have completed system updates to make them electronic animal ID ready in order to provide source verification information and market participation. Producer cost-share program of $6 per head for electronic ID of cattle and the acquisition of carcass data from 3rd parties. 82 farms have applied for tag cost-share on 8,900 hd of cattle.*
4. Provide producers with direct information of their cattle performance in the feedlot through the Value-added Targeted Marketing Program (VATM). *8,000 animals tracked with carcass data returned to the farmer, KY beef cattle yield grades have been improving over time, in 2006 KY cattle grading choice or prime exceeded the national average by 7%, some problems noted with over fat KY cattle as well.*
5. Fund Master Cattlemen and Master Grazer training programs for KY Cattle producers. *Since 2000, 3,072 beef producers from 115 KY counties have participated in the Master Cattlemens Program, 20 multi-county beef producer groups have participated in the Advanced Master Cattlemens program and 600 producers from 91 KY Counties have participated in the Master Grazers Program.*
6. Conduct on farm demonstrations of efficient production systems. Promote, teach and cost-share producer usage of cattle performance record keeping with the CHAPS program. Certify KY Cattle into the Beef Quality Assurance program (BQA). *20 demonstration farms involved in the Master Grazer Program with most reporting a 50% decrease in hay usage due to extended grazing season. 400 beef producers have purchased the program and 100 have their cattle herd data custom processed. 11,000 cattlemen have now been BQA certified in order to reduce off quality problems associated with poor management techniques.*
7. KBN Data Management and Verification Services. *60,000 hd of KY cattle PVP certified (Process Verified Program) with KBN estimated average premium of $12 / hd = $720,000 in additional Net farm Income, annually, also 14,000 animals from 200 herds with data in the system for production management records, also carcass data entered for 65,000 animals in over 1,000 herds for improvement analysis.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *There would be less improvement in Kentuckys beef cattle or in Kentuckys cattle marketing systems than there is today. Kentuckys reputation for quality cattle has been greatly improved due to better educated producers providing better cattle management and genetics. In addition KY beef producers would have fewer opportunities to market their cattle to premium markets such as pre-conditioned for health, graded sales or the sale of Process Verified Cattle (PVP).*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *$720,000 estimated in additional annual net farm income from the sale of PVP animals. $1.35 million in additional annual net farm income from CPH-45 sales. Quality improvements of KY cattle due to better data collection and analysis. Electronic animal ID capable livestock marketing facilities will give the KY beef industry a marketing advantage as more production information will be required from producers in the future.*
3. How have ADF investments leveraged other resources? *Cost-share programs with beef producers for electronic animal ID, livestock marketing facilities for EID reading equipment and internet marketing capability, as well as genetics and production data collection, and educational programs have leveraged additional investment from KY beef producers and livestock markets.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *The KBN has sponsored several educational programs such as Master cattlemens Program, etc which have probably assisted entrepreneurs in beef production, KBN also has local chapters which foster local leadership within the beef industry.*

Organization: Kentucky Forage and Grasslands Council Project Title: ADF
Project Title: Profitable Forage/Livestock systems for Northeastern Kentucky
Award: Grant $362,561, November 2003
Description: The Kentucky Forage and Grasslands Council is a 501-C3 non-profit producers association that exists to educate farmers and promote forage crops and grazing management. KFGC with the help of Dr. Michael Collins at the University of Kentucky applied for ADF funds to hire a hay marketing specialist and a goat forage research assistant. They were approved for a $362,561 ADF grant covering a two year period. Both positions were filled and the plan of work as outlined in the grant application was carried out. The grant agreement was for a two year period. As of July 31, 2007 the project reported being

75% completed. Both the hay marketing specialist and the goat forage research person were hired as University of Kentucky employees. Both continue to work in their respective areas of interest at UK and are now paid from other funds.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Fund hay marketing specialist position to educate Kentucky forage producers on hay production and marketing, conduct research trials and organize four conferences that focus directly on cash hay production and marketing. *Accomplished. The hay marketing person is still employed. 2000 farmers and ext agents in 36 counties benefited from hay field days, conferences and producer trips to see successful hay production in other states.*
2. Bring Kentucky hay producers and buyers together to increase the market opportunities for KY hay. *Helped establish 2 new hay classifications to address specific markets; certified organic hay and certified weed free hay or straw. Worked with the Buffalo Trace Auction to establish a hay marketing venue. The hay auction did not work out as planned as buyers and sellers would bypass the auction in favor of private sales.*
3. Fund a goat research position at UK to conduct goat forage research and educational activities for a two year period.*Accomplished, person is still employed. Approximately 1,000 farmers in 19 counties were provided goat forage information through county field days, goat producer meetings, farm visits, farm tours and telephone calls. Goat forage research was conducted in 2005 2006 on rotational grazing vs. non-rotational grazing, co-grazing goats with cattle to reduce parasite levels and utilize more forage, a goat forage preference study with 21 different types of forage and a sericea lespedeza establishment study.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *KY farmers in the Northeastern part of the state are better informed about hay enterprise possibilities, production, and marketing.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *2,000 forage producers and 1,000 goat producers were impacted with additional information on forage production, forage quality and marketing. An estimated $559,000 in additional hay income was generated during the projects operational period of 2004-06 due to better feed usage, better hay production and better hay marketing practices.*
3. How have ADF investments leveraged other resources? *Participants in this educational project emphasized the importance of hay storage structures to preserve hay quality. This emphasis should have resulted in more farmers taking advantage of the hay storage model program cost-share funds offered through the county councils.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *No effect.*

Organization: Kentucky Highlands Investment Corporation
Project Title: Agriculture Micro Enterprise Development
Award: Grant $158,750– May 2002
Description: KY Highlands Investment Corporation (KHI) is a non-profit 501-C 4 corporation whose purpose is to access capital for business and economic development with in a 22 county economically disadvantaged area of Kentucky. KHI had some experience with offering small zero interest agricultural diversification loans to area farmers. Based on a perceived need KHI applied for a $600,000 ten year SBA loan to begin a small lending program for farmers impacted by the loss of tobacco income. In May of 2002 the Agriculture development board awarded KHI a $158,750 grant. The ADF grant was used to establish a $90,000 reserve loss fund as required by the SBA loan and use the remaining $68,750 to provide technical assistance to loan applicants.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Use the ADF funds to establish a $90,000 loan loss reserve fund to leverage a $600,000 SBA 10 year loan for a micro agriculture enterprise development low interest loan program. *Accomplished and all funds currently loaned to 25 agriculture businesses at a reduced interest rate of 3.75%.*
2. Use $68,750 in ADF funds to provide technical assistance to agriculture borrowers and potential borrowers.*Accomplished with 58 businesses receiving individual business consulting resulting in 25 loans being made.*
3. Make loans available to any farmer within the 12 county KHI service area. *Accomplished with Cooperative Extension Agents and local banks promoting the program to area farmers. Resulting in 58 applications and 25 loans made to farmers and agribusinesses in 8 counties.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *There would be $600,000 less operating or investment capital at work in the agriculture industry within the KHI service area.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *The KHI 12 county service area is generally economically disadvantaged with high unemployment and little outside investment in new businesses. The ADF money allowed KHI to leverage $758,750 additional money ($600,000 SBS and $158,750 U.S. Treasury match to ADF funds) to carry out a micro loan program offering low interest rates and technical assistance for agriculture business development. 25 loans were made; 3 to agri-businesses and the remainder to farmers.*
3. How have ADF investments leveraged other resources? *ADF funds were leveraged almost 5/1, an additional $758,750 was added to the ADF money for the loan program and technical assistance.*

4. How have ADF programs affected county leadership and entrepreneurial leadership? *Technical assistance was provided to 58 loan applicants to help with business and financial planning, all of which is supporting entrepreneurship.*

Organization: KY Horticulture Council
Project Title: Infrastructure Support for the Growth of Kentuckys Horticulture Industry
Award: Grants $8,685,671—September 2001, August 2003, December 2005, October 2006
Description: The Kentucky Horticulture Council (KHC) is a non-profit organization composed of 13 horticulture producer and industry organizations in Kentucky. The purpose of the council is to allow the members to focus on common issues, promote KY horticulture and organize support for the horticulture industry in Kentucky. The KHC prepared a long term plan to grow the horticulture industry in Kentucky titled "Horticultural Opportunities: A Prospectus for Kentuckys Horticultural Industries in Sept. 2000. Based on this plan the KHC submitted a proposal to the ADB to fund activities and personnel needed to advance the nursery, greenhouse and produce sectors of Kentuckys horticulture industry. Beginning in 2002 the KHC has received grant funding from the ADF to start and then continue an on-going effort to advance the horticulture industry by providing research, extension consulting and education, market development and market promotions.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Variety Trials and Production System Research. *An additional 12-15 research trials per year on critical production / marketing system issues (approx. 70 total). Introduced and perfected the pot in pot nursery tree production system for KY growers.*
2. On farm Demonstrations and Consulting. *175 on farm demonstrations, 55 on farm research trials, 80 field days, 3,200+ farm consulting visits. Employed up to 9 Extension Associates for Horticulture to work directly with new and existing horticulture producers of vegetables, small fruits, greenhouse and nursery crops.*
3. Market Assistance and Promotion. *150+ horticulture producers utilized $209,000 in ADF money in the advertising cost-share program and matched it with $300,000+ of producers cash to promote their KY grown horticulture products. 100 horticulture producers using market development cost-share funds to promote their products at tradeshows resulting in a 100% increase in sales to high value northern markets.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Less tobacco growers adding horticulture crops to their farm operations.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *10-13% sales increase for horticulture producers using advertising cost-share. 100% increase in nursery sales to northern markets. Indirect effects: 47% increase in KY farm horticulture cash receipts 2000–2006. Composed of: 53% increase in floriculture cash receipts, 70% increase in produce cash receipts, 30% increase in nursery, greenhouse and sod cash receipts.*
3. How have ADF investments leveraged other resources? *UK, KDA, HC Member Organizations and KY Horticulture producers matched the ADF money 100% (mostly in-kind). Every $1 in ADF on farm demonstration money was matched with $3 from a produce farm or $7 dollars from a nursery grower.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *N/A*

Organization: Kentucky Poultry Federation
Project Title: A Rapid Response to Poultry Disease Threats
Award: Grant $102,000—December 2006
Description: The Kentucky Poultry Federation (KPF) is a non-profit producers association composed of KY commercial poultry farmers and allied agri-businesses. KPF has approximately 350 KY farm members. KPF was started in 1957 and is affiliated with both a national association of egg producers and a national association of chicken producers. A $102,000 ADF grant was awarded in Dec 2006. The ADF funds were matched with $102,000 in industry funds to create a $204,000 indemnity fund for small backyard poultry producers. The purpose of the indemnity fund is to have a ready source of funds to purchase and destroy any poultry flock that is found to have a serious infectious disease.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. The ADF funds will be matched with private funds already raised by the applicant to establish an indemnification program for non-commercial poultry farmers in Kentucky in the event of an avian disease outbreak. *Accomplished.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Kentuckys commercial poultry industry is more secure due to this ADF grant which provides for a rapid settlement and distruction of diseased poultry in non-commercial flocks.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *See above.*
3. How have ADF investments leveraged other resources? *The poultry industry in Kentucky matched the ADF grant funds dollar for dollar for a 100% leverage of funds.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *No effect.*

Organization: Kentucky Sheep & Wool Producers Association, Inc.
Project Title: Kentucky Sheep & Goat Development Office
Award: Grant $184,000—September 2006
Description: The Kentucky Sheep and Wool Producers Association (KSWPA) in cooperation the Kentucky Goat Producers Association (KGPA) submitted an application to the ADB in August of 2006. The purpose of the request was to form a jointly owned development office with a full-time paid co-executive director to represent and further the small ruminant industry in Kentucky. Both of these organizations are non-profit producer groups that were being managed by volunteers from their membership. An ADF grant of $184,000 was awarded in September of 2006 (legal agreement signed April of 2007) to fund the project for a two year period. Approximately 55% of the project expenses are expected to be in personnel costs, 35% in operating costs and 10% in equipment expenditures. The Co-Executive Director will be managed by a nine member oversight committee consisting of executive officers of the KAWPA and the KGPA. The proposal states there were 1,230 sheep farms and 2,979 goat farms in Kentucky in 2002 (2002 Ag. Census). The two non-profit associations have approximately 400 farm members spread throughout the state.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. To give the sheep and goat producers a unified voice. *Begun and on-going. An Executive Director has been hired and an office in Frankfort, KY has been established. The Executive Director has been involved in national sheep and goat industry meetings, the KY Task Force on the Future of Agriculture, the State Agriculture Response Team, the 2007 KY Goat & Sheep Summit, the 2007 annual meetings of the KY sheep and goat producers, newsletters to KY farm members and communications with government and university personnel.*
2. To improve the profitability of the sheep and goat production by educating new and existing producers on production and marketing. *Annual meetings, county and regional producer meetings, Development Office web site and statewide newsletter mailings. The Development Office has had input into a university goat forage research project.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Both sheep and goat industries would be less visible to state agriculture leaders. Sheep and goat farmers would not have a full-time executive director to serve their interests.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *Too soon to tell if any impacts have been made.*
3. How have ADF investments leveraged other resources? *Not yet, however additional grants are being sought and a permanent producer check off funding mechanism is being investigated.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *Both regional and state goat and sheep livestock shows /sales are being encouraged and promoted by the Development Office.*

Organization: Kentucky Vocational Agriculture Teachers Association
Project Title: Statewide Agriculture Education Curriculum
Award: Grant $250,000—June 2003
Description: The Kentucky Vocational Agriculture Teachers Association (KVATA) is a non-profit organization representing high school vocational agriculture teachers across the state. In 2002 Mr. Curt Lucas was working as a consultant for Agricultural Education with the KY Dept. of Education. Mr. Lucas recognized that a new KY specific curriculum in agriculture was needed. A curriculum was needed that was aligned with the KY core content requirements and used a non-paper based media for ease of use. The Association applied for ADF grant funds in September of 2002. The purpose of the grant was to contract with an outside vender to develop and deliver 600 customized agriculture curriculum lessons for KY Vocational Ag Teachers to use state-wide.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Purchase a complete customized agricultural curriculum for use in 142 agricultural programs in Kentuckys public schools. *Done.*
2. Contract with the Center for Agriculture and Environmental Research and Training, Inc. (CAERT) to purchase a 600 lesson library of CD based education curriculum, customized to meet the needs for Kentucky agriculture teachers and students. *Done. CAERT developed and delivered a 1,000 lesson CD based agriculture curriculum.*
3. Require all Kentucky Agriculture Teachers to attend curriculum training sessions which will be offered by CAERT. *Done. Approximately 250 KY agriculture teachers have attended training sessions conducted by CAERT showing how to use of the curriculum and web based resources.*
4. Survey all Kentucky agriculture teachers for their opinion as to the usefulness and frequency of use of the curriculum.*Done. Two teacher surveys were conducted one in 2006 and one in 2007. Copies of a summary report on each were provided at the interview. Overall the teachers comments were very positive about the curriculum and its usefulness.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *KY youth would not have as modern or complete a curriculum in agriculture.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *24,000 KY youth received state of the art agriculture educational lessons. 8,000 of the above youth are from farm backgrounds. 250 KY agriculture teachers can integrate their agriculture curriculum with the schools core content learning requirements.*
3. How have ADF investments leveraged other resources? *The KY Dept. of Education paid $25,000 for one additional agriculture lesson plan.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *Vo-Ag students have the opportunity to do a supervised agriculture project that would involve an entrepreneurial venture.*

Organization: Kentucky West Nursery Cooperative (KWNC)
Project Title: Nursery
Award: Grant and Loan $4,777,466 Total ($1,840,784 used)—December 2001
Description: The purpose of the project was to develop, strengthen, and expand a nursery cooperative with assistance in equipment, handling facilities, product marketing, and ownership. Tobacco was a primary source of income for 29 of the members (at time of application there were 33 members). Production of shade and ornamental trees was to compliment tobacco operations in the annual distribution and efficient utilization of farm labor. Members lived in the seven counties of the Purchase Region. Kentucky West Nursery Cooperative (KWNC) expected the number of farm families impacted within a few years to be over 100. Their initial optimism was based on the uncertainty of tobacco program and low corn and soybean prices. Neither condition now exists in Western Kentucky. The nursery business requires a 3-4 year start up period. It was expected to be 4-8 years before the cooperative could be financially successful.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Diversify Kentuckys agricultural base into a non-traditional agricultural enterprise. *Partially accomplished.*
2. Help 33 farmer-growers expand into a new enterprise and build the foundation for future growth and expansion. *Partially accomplished. 5 members bought the name and are now operating as an LLC. Other original WKNC members have continued in the nursery business on their own.*
3. Plant 25,000 trees (25 acres) in 2002 and then add an additional 75,000 trees (75 acres) per year from 2003-2009 for a total of 550 acres. Conduct annual marketing studies to determine numbers of acres and species to plant. Expect to benefit over 100 tobacco farm families initially and many more in 10 years. First harvest fall and winter 2004, expected to generate approximately $1,650,000. *not accomplished.*
4. Evaluation criteria for KWNC Board of Directors: Acres planted to trees, shrubs, and ornamentals, increased membership, increased net farm income, increased cash flow, return on patronage dividends, marketing and sales agreement for future harvests, return on investments, increased assets, self-sustaining business, increased producer and community education on the cooperative form of business. *Partially accomplished.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *"We would not be in the tree business without the ADF funding. Right now Mr. Paschell has 8,000 trees. There are also 4 other large producers working with him to market their products together.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *New market for KY agricultural products in MI, IL, OH, MO, TN, IN, GA, AL. The co-op lending power helped their new producer members get started in at a much more rapid pace and with less risk than they could have on their own. The co-op provided loans, equipment and educational support for 22 new nursery crop entrepreneurs. Some of the members were part-time farmers. Produced new products—ornamental and deciduous shade trees. Net-farm income increased 30-40% for 11 producers. New Ag research and development -pot-in-pot technology. About 100 new seasonal jobs created. 11-25 farm youth affected. The co-op was dissolved but there are new profitable crops being grown and new markets reached.*
3. How have ADF investments leveraged other resources? *USDA Rural Development grant used for operating expenses and $642,450 contributed by members.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *Farmers in this group had to step into new leadership roles.*

Organization: Lake Cumberland Milling, LLC Project: Award:
Project Title: Soybean Mill
Award: $1,165,000 forgivable loan—April 2004
Description: Cumberland Valley Milling is a limited liability company that was started by 27 members who purchased stock. Cumberland Valley Milling, LLC proposed to purchase a feed milling facility and build a soybean extrusion processing plant. The plant development is an effort to provide a market to Southern Kentucky grain farmers, and produce soybean meal, soy hulls, and soy oil. Agricultural Development funds were used to construct the soybean-processing mill. The project is an effort to replace income lost to tobacco quota cuts and the grain market demand lost to the out migration of the hog industry. The mill will provide a source for area livestock producers feed rations. Counties impacted include Wayne, Clinton, Cumberland, Pulaski, Rockcastle, and Russell. The business will also purchase some beans in TN and sell soybean meal in TN.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. To develop and sustain a business capable of providing a long term, positive impact on agriculture in southern KY. To replace income lost to tobacco quota cuts for our farm families in southern KY.
2. To provide a marketing opportunity for area soybean producers and increase profits through higher market prices. To supply a higher quality, value added soybean meal for area livestock producers and increase profits through lowered feed costs and better feed efficiency.
3. To create economic stability in these agricultural communities endangered by shifts in the commodity production. To reinvest funds locally in southern KY agriculture, create jobs, and be a responsible corporate citizen by economic development.
4. Evaluation criteria to determine success for the project will include: profitability of the operation, market expansion in tons of product processed and sold, number of bushels of KY soybeans processed, average price per bushel received by producers including premium, total dollars in ag income in KY counties attributable to the milling operation, total savings to soybean and livestock producers by elimination of transportation costs, number of farmers using the marketing and processing facilities, savings to livestock producers from feed discount.

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Would not have happened without award. Bank would lend operating money, but not construction money to add the extruder plant.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *Created a local market for soybeans beans, saving 50-60 cents/bu transportation cost on 250,000 bushels in 2006. Paying a higher price to local farmers (about a 40 cent premium). Processing raw soybeans into oil (150,000 gal 1.5 cents below Chicago BoT), meal (3,800 tons $27 above CBoT), hulls (450,000 lb. $6.50 per cwt). 3 New Full time jobs. created a soybean market for 700 farmers. Previously, the closest soybean market was in Owensboro or Jeffersonville, Indiana. This mill creates a more local market for soybeans. High fat soybean meal is a new product for this area. CVM has not achieved profitability yet. They only have one customer for their current oil product.*
3. How have ADF investments leveraged other resources? *This was a $2.4 M dollar project (loan was for$1.1m). Other funding sources included: county ADF funds $80,000, $1.7m in bank loans, KY Highlands loan $35,000, 27 investors stock purchases.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *27 local investors (some farmers) purchased an existing business and then expanded it to create value-added soybean products.*

Organization: Little KY Smokehouse and Fresh Meal Solutions. LLC
Project Title: Little KY Smokehouse
Award: Forgivable loans $1,950,000—August 2002, July 2004
Description: Little Kentucky Smokehouse and Fresh Meal Solutions are two different businesses that grew out of Jim David Meats a division of Union County Livestock, Inc. In 1987 Mr. Baird and Mr. Simmons raised hogs on a large scale in Union County KY. In 1991 they purchased a small meat packing facility and created Jim David Meats to process and market local livestock. The business grew and was successful. They had a problem selling the fresh hams from the pork they were processing so they applied for funds to build a ham processing plant. The venture went well with the hams in demand from retailers (Kroger, Wal-mart, Starbucks, Sara Lee, Schlotskys, Columbus Meats). In 2004 the company applied for and received a $1,000,000 ADF forgivable loan to start Fresh Meal Solutions (FMS). FMS was started to manufacture fresh cooked microwave ready meals for grocery store case ready sales. They currently serve 1,000 Wal-Mart stores and have plans to add another 2,000 stores in the near future.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Start, build, and operate a smoked ham processing facility. *Accomplished*
2. Pay Kentucky hog producers a premium equal to $0.05 cents per pound for each pound of raw pork purchased from KY farmers. *Paying off loan ahead of schedule. $300,000 paid so far out of $950,000 due over a ten year period.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Two different food processing plants would not have been started in KY. KY raised hogs would have less sales demand. There would be 100 less full-time jobs available in Union County KY. Consumers nation wide would see less KY Proud labeled products. KY producers of naturally raised hogs in the Mid-South Pork Co-op would not have a market for their differentiated pork product.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *1,000,000 hogs have been purchased by Swift Packing Co. in Louisville for hams needed for LKS. KY hog producers received a premium of approximately $1/per head for their KY raised hogs, approx. 300,000 KY raised hogs purchased per yr X 3.5 years = $1,050,000. 5,000 naturally raised KY hogs are produced and sold by the Mid South Pork Co-op to LKS each year. LKS pays a premium of $20 per head directly to the farmers. 5,000 hogs X $20 X 3.5 years = $350,000. KY hog farmers have received approximately $1.4 million dollars in premiums as a result of LKS operations to date.*
3. How have ADF investments leveraged other resources? *Approximately $1.9 million dollars of additional funds from other sources went into the LKS start-up*

4. How have ADF programs affected county leadership and entrepreneurial leadership? *11 member Mid south pork co-op members have found a steady market for the naturally raised hogs they produce. Currently this is their sole market for their natural hogs.*

Organization: Maysville Community College
Project Title: Welding and Diesel Maintenance Training for farmers
Award: Grant $124,800—January 2006
Description: Maysville Community College saw a need to offer area farmers welding and diesel engine maintenance courses as a way for area farmers to save money on repair bills and learn a marketable skill (mig welding). Modeled after a similar program offered in Ohio, MCC proposed to offer a series of training courses in the evening at locations in 9 counties across N.E. parts of Kentucky. Eighteen courses were conducted in nine different counties through out the year. A total of 84 farmers completed both the beginning and the advanced level welding course. Farmers were required to pay a $125 fee to attend the welding courses and received a $1,375 training value which included a MIG welder for them to keep. Forty-two (42) farmers completed the diesel engine maintenance courses. Farmers were required to pay a $50 fee to attend the diesel maintenance courses and received a $550 training value. All of the ADF funds were spent and essentially all of the goals as outlined in the ADF award terms sheet were met in 2006.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Assist approximately 204 tobacco farmers in learning needed skills to safely and effectively build and repair farm equipment using MIG welding and diesel engine preventative maintenance. *71 Farmers took beginning welding, 84 farmers took advanced welding (same individuals) and 42 farmers took diesel maintenance courses, for a grand total of 197 enrollees.*
2. Require training recipients to pay part of the cost of the courses and equipment provided. *Farmers who received both welding courses paid a $125 fee. Farmers who took the diesel maintenance course paid a $50 fee. Using these numbers $12,600 in enrollment fees was paid by participants. This number is also stated in the July 15th 2006 project quarterly report. Using the projects budgeted total cost of $299,940 (includes MCCs in-kind match), participants paid approximately four percent (4%) of the total project cost.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *126 different KY farmers would have less knowledge and skills to enable them to maintain and repair their farm equipment.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *This program helped the participants reduce repair costs and improve equipment life by increasing farmers knowledge and skills. Annual savings on repairs for the 84 who took both welding courses was estimated at $1,250 for the group each year, for a grand total of $52,500 per year.*
3. How have ADF investments leveraged other resources? *Participants paid enrollment fees totaling $12,600 or 4% of the total program costs.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *Entrepreneurial leadership may have been enhanced if some of the participants took their new skills and started doing repair work for others as a secondary source of income.*

Organization: Murray State University
Project Title: Agricultural Diversification Enhancement Alliance
Award: Grant $247,995—November 2003
Description: Murray State University is a public higher education institution with a long history of education in agriculture and service to the local farm community. The ABD had funded several large initiatives in Western Kentucky that involved non-traditional crops such as nursery and aquaculture production. An alliance was formed between several producer groups and MSU to start an education, demonstration and research project that would enable MSU to address the needs of farmers involved in these non-traditional enterprises. Specific partners in the alliance included: MSU, KY West Nursery Co-op, Purchase Area Aquaculture Co-op, The West KY Dark-Fired Tobacco Association, area cattlemens associations and high school agriculture programs with greenhouses.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Horticulture Enhancement Project. Establish a pot-in-pot nursery production initiative. Establish a Nursery Field Tree Initiative. Expand/renovate the MSU greenhouse complex. *A pot-in-pot production system was established on the Pullen Farm Complex with a 400 tree capacity. A nursery field tree demonstration and research site has been planted on the Pullen Farm Complex with 40 different tree species replicated five times each. Two new greenhouses built, one for container production and one for bedding plant production.*
2. Aquaculture Enhancement Project—Establish an aquaculture demonstration and research site. *Four aquaculture ponds and associated infrastructure have been built on the MSU West Farm Complex.*

3. Beef Cattle Enhancement Project—Establish an ultrasound research and demonstration program as a part of the MSU Beef Production Center at the West Farm Complex. *Ultrasound and electronic ID equipment have been purchased and are used for research and farm field day demonstrations.*
4. Agricultural Diversification Model Program Enhancement—Host "Agricultural Diversification Enhancement Alliance Field Days. *MSU hosted an ADEA Field Day in April of 2006 to showcase the initiatives. They also host a Farm Days field day each fall. Field day tours include stops at the aquaculture, nursery and greenhouse sites.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Farmers in Western Kentucky who have an interest in learning about alternative enterprises would not have nearby demonstration plantings to visit or experienced MSU personnel to consult. Farmers who are already involved in these types of enterprises would not have MSU assistance to research problems specific to the diversification initiatives.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *This project was designed to assist regional farms and agriculture students with up to date information and demonstrations of new farm enterprises. Seventy-five farmers from six counties have been affected by the project as of the end of 2006. Forty-five high school students and one hundred-forty-one university students have visited the demonstration sites as of the end of 2006.*
3. How have ADF investments leveraged other resources? *The proposal shows the ADF funds would pay for 42% of the project. The rest of the project cost will be paid with cash and in-kind match from MSU and industry partners.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *The initiatives involved several regional farmers cooperatives and associations which require farmer leadership. MSU students and visiting farmers will be exposed to new farm enterprises.*

Organization: Purchase Area Aquaculture co-op
Project Title: Aquaculture Infrastructure Development
Award: Loans $1,191,525 ($980,275 used)—April 2001, June 2003
Description: Purchase Area Aquaculture Cooperative (PAAC) is a farmer owned cooperative organized to process and market aquaculture products in Kentucky. The primary product was fresh and frozen catfish fillets. 1999 some farmers in the Purchase Area of Kentucky were growing catfish and selling to pay lakes and an out of state fish processor. A trip was organized to go to Mississippi and Alabama to look at small hand filet fish processing plants and talk to fish farmers in the area.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Double the fish production of co-op members to 4,000,000 lbs. of live fish annually and expand the cold storage facility in order to handle to increased volume of product being processed. *PAAC did build a large, new cold storage building using a combination of grants and loans. The co-op did not reach the 4 million pounds goal as the processing facility closed.*
2. Amend the prior ADF agreement to use $240,000 in previously awarded funds as a guaranty for an operating line of credit with a local bank. *Done.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *There are now 3-4 times more fish growers and 3 times more catfish acres in Western KY than before the PAAC Co-op was started. Fish farms have stayed in business with some doing quite well marketing their fish to live haulers for pay lakes and some sales to out of state fish processing plants.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *When PAAC was in full operation they employed 46 full time people. At the peak PAAC had 34 farmer members with 436 acres of fish ponds. Currently there are 300 acres of catfish production in W. KY. Additional Net farm Income is estimated at .10 cents per lb X 5,000 lbs per acres X 300 acres = $150,000 annual NFI impact.*
3. How have ADF investments leveraged other resources? *950,000 bank loan and $200,000 USDA grant funds. PAAC members estimate that they invested over $4 million dollars in member production investments and borrowed $1 million in bank loans for the PAAC.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *The PAAC processing plant closing has forced area fish farms to find other markets. Aquaculture in Western KY remains a viable business. Most of the serious aquaculture farmers that were PAAC members have remained in business. The PAAC facility closing has probably had a negative impact in terms of new producers looking at aquaculture, however the potential for aquaculture in W. KY remains high due to the human capital, climate, soil, and water resources.*

Organization: Pig Improvement Corporation
Project Title: Dogwood Ridge Project
Award: Forgivable loan $800,000—January 2004
Description: Pig Improvement Corporation (PIC) is a for-profit corporation registered in the State of Wisconsin. PIC has recently been purchased by Genus to become part of a larger internationally operated dairy, beef and swine genetics supplier.

PIC literature states that PIC is the leading worldwide supplier of swine genetic improvement to the pork chain. PIC was established over 40 years ago by 6 English pig farmers to supply breeding stock for themselves and others.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Rebuild the Dogwood Ridge Farm and restart their swine genetic improvement breeder supply business. *Accomplished. PIC states the total project cost was close to $2 million dollars.*
2. Production support for KY producers. *PIC contributed $10,000 in 2005 and in 2006 towards the KY Pork Producers Association annual convention. PIC also donated $4,000 to the KY 4-H Livestock Judging contest in 2006. GOAP accepted these expenses as qualified loan forgiveness payments.*
3. Provide discounted pricing to KY producers and 125% of the agreed KY farmer discount to KY producers in the top 60 tobacco producing counties. *PIC officials stated they did not intend to proceed with this goal as they thought their non-KY customers would demand discounts as well. PIC was purchased by an international genetics firm after officials at PIC had signed the agreement with the ADB. The new management reorganized the company and let go many of the people involved in the ADF forgiveable loan agreement.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *PIC may not have rebuilt their KY swine breeding facility, resulting in 13 less full-time on farm jobs (at Dogwood Ridge Farm).*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *Dogwood Ridge farm pays approximately $429,000 annually in salary and benefits to their KY employees. PIC produces and sells superior boars to another business in Allen County KY called Genesis. Genesis in turn collects semen from the boars, which are marketed to 14 KY hog producers (as well as other US producers). The 14 KY producers have 27,000 sows which would then have genetically superior off-spring.*
3. How have ADF investments leveraged other resources? *PIC rebuilt the Dogwood Ridge Farm at a cost of close to $2 million dollars, therefore the ADF $800,000 investment was matched greater than 1 to 1.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *N/A*

Organization: Roundstone Native Seed
Project Title: Expansion of Native Seed Distribution
Award: Grant $177,600—June 2002
Description: Roundstone Native Seed (RNS) is basically a native (i.e. native to Kentucky and/or the US) seed distribution business. RNS produces seeds (native grasses) and sells mixes. RNS employs producers all across Kentucky especially those who are Farm Bill conservation participants. Most of the loan was used for equipment and storage bins. The rest was used for a greenhouse and planting plugs.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Provide economic advantage and management of costs of production through cooperative uses of capital investments, personnel, and marketing services to produce high quality product.
2. Provide members with land preparation methods, expertise, and equipment to establish seed producing stands of ecotype native warm season grasses.*Accomplished.*
3. Ensure highest quality native warm season grass seed available in the market.
4. Provide physical plant and marketing services. *Accomplished.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Many producers would not have had an opportunity to diversify away from tobacco.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *Tobacco dependent farmers became a part of a new business. A new farm product was marketed (value-added). Researched new varieties (biomass of native grasses), forage tests, chemical research on herbicides. All products are unique. RNS worked with high school programs. 11 full time and 8-8 part time jobs were created (some filled by youth). RNS gave away native demo plant seed. Producers form 21 counties were involved. RNS help keep farmers in business with additional income away form tobacco. Provided education and leadership for new products*
3. How have ADF investments leveraged other resources? *Kentucky Finance Corp Loan Guarantee*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *NRCS and FSA seminars for local leadership (10/year) and 42 new farmer producers.*

Organization: Southeast Kentucky Agriculture Cooperative (SEKYAC)
Project Title: Cooperative Development
Award: Grant $154,525—February 2003
Description: SEKYAC is produce marketing cooperative. The cooperative was actually incorporated in 1976 per a Resource Conservation and Development project although nothing ever officially began until the Farm Bureau of Whitley County gave

some money to spark the co-op in 2002. Forty-one farmers are listed as members of the co-op. The co-op receives produce from approximately 40-60 acres between all 41 growers. One grower has 20 acres and the other 40 growers have one half to one acre each.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Construct a vegetable market facility. *Metal building has been built. No produce packing equipment was seen during our site visit. The building was mostly empty except for a small amount of produce set-up for retail sales to consumers who drove to the co-op. The manager at the time told me they couldnt justify turning on the produce cooler for the limited amount of produce they had on hand.*
2. Operate as a produce receiving facility for at least 10 years. *ongoing.*
3. Educate or put on programs designed to educate and train area producers regarding issues of vegetable quality, shipping, storage, and any other relevant production or transportation issues, working with UK Extension Service. - *ongoing.*
4. Purchase a cooler and a forklift. *accomplished.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Approximately 41 farmers would not have an additional venue to sell their produce for a profit.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *New produce marketing facility for at least an 8-county area. Revival of a produce co-op. Farm diversification for approximately 38 former or current tobacco farmers. Education opportunities for farmers involved to improve their farming practices and produce quality. At least one employment opportunity with Russell Reeves. Additional income opportunity for 30-40 part-time farmers.*
3. How have ADF investments leveraged other resources? *The ADF investments helped SEKYAC leverage addition money from the Farm Bureau ($2,000), Industrial Authority (land valued at $80,000), Fiscal Court of Knox County ($4,000), County ADF (approximately $20,000), donated legal assistance, and reduced cost engineering assistance.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *SEKYAC has been a leadership opportunity for the Board of Directors of the co-op.*

Organization: Shady Lane Poultry Farm
Project Title: Poultry Hatchery
Award: $105,000 forgivable loan—November 2002
Description: The purpose of this project was to create a Kentucky-based chick hatchery catering to small farmers who raise and sell poultry and eggs using alternative production methods.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. The goal of the first year of the project is to involve at least three cooperating growers. The long-term goal of this project is to help provide Kentucky family farms with a secure source of income to replace tobacco.
2. Provide Kentucky farmers with a source of high quality, Kentucky-bred and hatched poultry. Provide poultry for the non-industrial commercial and specialty producers as well as the backyard fancier and exhibitor.
3. Be profitable. Develop new lines of broilers to fit the emerging markets and better serve the existing markets while preserving some of the heirloom and rare breeds.

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *This project would not have happened without ADB funds.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *New Internet market for KY chickens (1/2 of sales are online), increased net farm income for local farmers. Estimated operating costs were 30% of ADF money spent and 70% construction cost. Impacted 75-80 tobacco dependent communities. Affected more than 100 farm youth through Fayette Co extension, state youth poultry day, 4-H poultry groups, state fair youth poultry division, hatchlings to county extension, sold birds to kids.*
3. How have ADF investments leveraged other resources? *Positioned for other grants (e.g. sustainable agriculture and development).*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *Indirect, non-formal, through new business opportunity.*

Organization: Shuckmans Restaurant Service, Inc.
Project Title: Shuckmans Fish Company and Smokery
Award: Forgivable loan $300,000—September 2002
Description: Shuckmans Fish Company and Smokery (SFC) is a privately owned seafood processor and specialty food manufacturer. The business was started in 1919 originally with red meats; they now concentrate strictly on seafood, in particular freshwater fish, prawns and caviar. A $300,000 ADF forgivable loan was awarded to SFC to remodel their processing facility

and to purchase additional equipment needed to process, smoke, package and market Kentucky aquaculture products including: prawns, catfish, trout, paddlefish, bass, caviar and red claw crayfish.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Continue operations during the ten year term of the loan as outlined in the business plan. *On-going business.*
2. Provide educational instruction and assistance to Kentucky aquaculture producers to assure quality standards are satisfied. *Mr. Shuckman has documented the time he spends advising KY farmers, agribusinesses and government officials.*
3. Pay KY seafood producers a 5% premium over market prices for their products and pay a 5% quality fee based on the fresh fish attributes. *Shuckmans have submitted documentation to GOAP that lists their purchases from KY producers. Approximately $35,000 to $40,000 of KY fish and aquaculture products are purchased annually.*
4. Repay the forgivable loan by purchasing KY fish and aquaculture products and receive 1/10 loan forgiveness annually. Forgiveness is granted at 25% of the purchase price plus the 5% premium fee and 5% quality fees paid to producers. *As of a May 2005 GOAP statement Shuckmans had received $94,058 in loan forgiveness.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *KY aquaculture farms and commercial fishermen would have less of a market for there fish and shellfish.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *Approximately $35,000 to $40,000 of KY fish and shellfish purchased annually. Shuckman's Fish Company and Smokery markets high quality fish and caviar nationally with a Kentucky logo and branded products.*
3. How have ADF investments leveraged other resources? *Matching money from the applicant.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *Mr. Shuckman provides processing and marketing advise to KY fish farmers, direct marketers and government officials.*

Organization: Siemer Milling Company
Project Title: Wheat-based Glue Extender Facility
Award: $1,000,000 Forgivable Loan—June 2004
Description: Siemer Milling Company relocated a newly acquired milling business to their Hopkinsville facility. The project will result in purchases of more Kentucky grown wheat for milling an organic glue extender marketed to the plywood and panel board industry. This will create new opportunities for additional farm income for the Kentucky wheat growers who currently produce wheat used at Siemer. In addition, the project will expand the economic impact of Siemer at its location in Hopkinsville. Funds were used for a new warehouse, a new blending and bagging system, and upgrades to the existing facilities and equipment to accommodate making industrial glue products.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Create a new market for Kentucky wheat. Expand purchases of Kentucky wheat. Develop a new value-added market for Kentucky wheat. *Accomplished. Siemer Milling purchased 1 million additional bushels of wheat in 2006 for processing into the new products. Developed new products from wheat: glue extenders such as Glue-X, Spray-X, Spray-X-MM.*
2. Improve net-farm income from a product that would otherwise be rejected or deeply discounted, purchasing additional wheat and increasing prices paid for low grade wheat, enabling savings in freight by eliminating the need to transport rejected loads to other locations, and improving the basis for Kentucky wheat over a long period of time. *Developed a market for lower quality wheat to be used in industrial glue. Siemer pays a 10 15 cent premium per bushel for KY grown wheat depending on the quality.*
3. Increase purchases of Kentucky wheat in the first year of operation by 400,000 bushels, or approximately 20% of what Siemer currently purchases directly from Kentucky producers. *Accomplished. In 2006 Siemer Milling purchased 8.1 million bushels of KY grown wheat. This amount was 2.4 million bushels over their baseline amount of 5.7 million bushels of wheat before the plant expansion was made.*
4. Position Siemers new glue extender business in as close proximity as possible to its end-users to improve profitability and invest resources in gaining market share. *Accomplished.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *There would be less KY grown wheat being sold at to Siemer Milling and receiving a 10 cent per bushel premium.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *In 2006 Seimer Milling purchased 2.4 million additional bushels of KY grown wheat over their base level. In 2006 and 2007 KY farmers received approximately 12 cent per bushel premium from Siemer Milling for their wheat. The added farm income:2.4 million additional bushels X $.12 premium = $288,000 annually. Approximately 112 farms in 10 counties have benefited from this project.*
3. How have ADF investments leveraged other resources? *This was a $2.3 million dollar project of which the ADF provided a $1 million dollar forgivable loan.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *N/A*

Organization: Appalachian Sweet Sorghum Marketing Association, Inc.
Project Title: Sorghum Production Expansion and Labeling
Award: Grant $100,000—October 2001
Description: Appalachian Sweet Sorghum Marketing Association, Inc. has been made up of five to ten farmers over the years and is managed by Mr. Danny Townsend. Mr. Townsend is a 5th generation Sorghum producer and was instrumental in forming the Cooperative. Appalachian Sweet Sorghum is a non-profit corporation (marketing association) with 60 acres of sorghum currently and 5 farmers. Mr. Townsend grows 30 acres himself and the other five farmers grow 30 acres all together.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Purchase equipment to help the cooperative increase acreage and enhance their ability to market more sorghum syrup. Equipment includes: four row planter, stripping machine, cooling tanks, industrial boiler, miscellaneous tanks, bottling and labeling equipment, silage wagon, and forklift. *accomplished.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Sweet Sorghum production would not be as viable a business for Mr. Townsend or the other farms involved in the Cooperative.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *Net farm income has increased ($700-800/acre net income for 5 farmers with 30 acres total and Mr. Townsend with 30 acres himself = approximately $45,000 total). New products have been developed and value has been added to Kentucky made products (including apple butter w/ sorghum and sorghum suckers). Cooperative has contracted with Krogers Louisville distribution center. Employment has increased with five part time farmers and three seasonal (6 weeks) at $8/hr*
3. How have ADF investments leveraged other resources? *The Cooperative has not leveraged other funds to date, but Mr. Townsend feels it may in the future.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *Mr. Townsend has held many leadership positions including: helping form the National Sweet Sorghum Growers Association (serving on the Board of Directors and as national President) as well as many committees and advisory boards.*

Organization: Thoroughbred Shrimp Company
Project Title: Freshwater Prawn Hatchery/Nursery
Award: Forgivable loan $125,000—November 2003
Description: Thoroughbred Shrimp Company (TSC) is a privately owned business started in 1998 in response to the increased demand for juvenile freshwater prawns for Kentucky aquaculture farms. A $125,000 ADF forgivable loan was awarded for the purpose of expanding their hatchery/nursery facility in order to increase juvenile prawn availability and implement a size grading process to increase pond stocking rate accuracy. During the site visit we saw a fully operational freshwater prawn, marine shrimp and freshwater fish indoor hatchery and nursery facility. Freshwater prawn breeding stock, freshwater prawn juveniles, marine shrimp breeding stock, tilapia fingerlings and large mouth bass fingerlings were being raised in large indoor tanks.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Produce and sell freshwater prawn juveniles to KY farmers for aquaculture pond grow out.*Accomplished and on going since 2003. Approximately 50 farms per year purchase juvenile prawns from TSC.*
2. Provide KY aquaculturalists a discount of 3.5 cent discount per prawn juvenile, below the market price. And provide at least $12,500 in discounts annually to receive debt forgiveness. *In four years of operation TSC has fully paid its debt forgiveness of $125,000.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Kentucky aquaculture farms would have a limited supply of in-state produced juvenile freshwater prawns. The largest competitor is located in Texas.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *KY aquaculture farms have a fresh local supply of juvenile shrimp for pond production with better survival rates than juveniles shipped in from Texas. KY aquaculture farms have a more accurate stocking rate due to an innovative juvenile prawn size grading method. The result is a more uniform final product and less feed wasted or pond space underutilized. KY freshwater shrimp farms have sold an estimated $1.9 million dollars of freshwater shrimp (prawns) from juveniles produced at TSC since its inception.*
3. How have ADF investments leveraged other resources? *A $250,000 bank loan was leveraged to complete the project.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *KY aquaculture farms have benefited by having a knowledgeable supplier of quality seed stock.*

Organization: West Kentucky Growers Cooperative
Project Title: Cooperative Development and Expansion

Award: Forgivable loans \$2,641,483 (\$2,509,778 used)—November 2001, March 2001, February 2003
Description: West KY Growers Cooperative (WKGC) was a non-profit cooperative of farmers organized in 2000 for the purpose of grading, cooling, packing and marketing fresh market vegetables for its members. The primary crops grown and marketed were sweet corn and bell peppers. Lesser amounts of variety peppers, cabbage, potatoes, pumpkins, squash, cucumbers and broccoli were also grown and marketed.

Goals stated in terms sheet: (Evaluation Team comments in italics)

1. Expand and equip a produce marketing cooperative to grade, cool, pack and market fresh produce for farm members. *Accomplished but closed after six years.*
2. W KY Growers Co-op must repay a forgivable loan of \$605,000 in state ADF money by funding a reserve account of an equal amount over a five year period. *Not accomplished.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Vegetable growers in the WKGC area are more experienced with commercial produce production and marketing requirements. Of the 32 farms that grew most of the produce for the co-op, 10 continued to grow produce in 2006 and 9 continued to grow produce in 2007. 275 acres of vegetables are currently being grown by 6 vegetable growers; this is an 84% reduction in produce acres from the co-ops peak operation. County Extension personnel in Daviess County report that a total of seven produce marketing companies have contacted their office in the last two years looking for produce farms to contract produce crop production with. Of the seven marketing firms that contacted the extension office, five have contracted with vegetable growers in the area.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *Potentially 1,800 acres X \$800 farm income = \$1,400,000 annually if the co-op could have sustained its output at the maximum achieved in 2003 and 2004. \$8,432,523 was paid out to farmer members for their produce during the co-ops six years of operations. The co-op had total sales of \$15,892,479 which had an effect beyond farm income for the co-op members. The co-op also paid co-op employees salaries, and did business with equipment manufacturers, construction and repair contractors, utility and supply companies and outside sales agents.*
3. How have ADF investments leveraged other resources? *West KY Growers Co-op also leveraged funds from the KY Dept. of Agriculture, USDA Rural Development, private investment dollars, bank loans and favorable lease terms from the original property owner. There was a large amount of community involvement in the co-op development effort, this included many hours of volunteer labor by farmer members and others in the community. \$2,509,778 in state ADF funding helped generate \$15,892,479 in produce sales = approximately \$6 dollars in sales per \$1 dollar invested.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *Co-op members and others gave all to the effort. The co-op closing was disheartening to the farming community.*

KAFC project briefs

Organization: Tobacco Farm
Loan Program: Agricultural Infrastructure Loan (AILP)
Amount of Loan: $18,250 (Total project cost: $36,500)—May 2006
Description: Build a tobacco barn. Young farmer wanted to add five more acres of tobacco production and needed additional barn space.

Progress on goals stated in the Loan Program description: (Evaluation Team comments in italics)

1. AILP: Assist Kentuckys farmers in financing long-term projects that will improve their financial viability. *Farmer financed half the cost of building a new barn with a KAFC loan. The result of building a new barn is that he can add five more acres of tobacco production to his farming operation.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Farmer states he needed the KAFC loan in order to finance the new barn. The lower interest rate was attractive.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *Five additional acres of tobacco production have been added to the farm operation leading to additional income and local employment.*
3. How have ADF investments leveraged other resources? *50% financing from a local lender.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *A young farmer was assisted with an expansion project for his small business.*

Organization: Thoroughbred Horses
Loan Program: Agricultural Infrastructure Loan (AILP)
Amount of Loan: $50,000 (total project cost: $113,840)—April 2006
Description: Purchased a farm and needed a horse barn for breeding and boarding horses for clients.

Progress on goals stated in the Loan Program description: (Evaluation Team comments in italics)

1. AILP: Assist Kentuckys farmers in financing long-term projects that will improve their financial viability. *Accomplished. New barn has been built with 13 horse stalls.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Borrower states he would have borrowed the money elsewhere if needed. No difference, other than a lower interest rate which makes the loan easier to pay back.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *The new barn has made a huge difference in his business. He can board more horses and care for them better as well. The new barn has added $3,000 per month in new boarding income from clients.*
3. How have ADF investments leveraged other resources? *Loan from a local ag lender.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *Equine entrepreneur is doing well with a part-time business.*

Organization: Swine farm
Loan Program: Agricultural Infrastructure Loan (AILP)
Amount of Loan: $100,000 (Total project cost: $848,981)—July 2006
Description: Build two new 2500 head swine barns. Young couple wanting to farm on their own decided to go into the hog business after they stopped raising tobacco.

Progress on goals stated in the Loan Program description: (Evaluation Team comments in italics)

1. AILP: Assist Kentuckys farmers in financing long-term projects that will improve their financial viability. *Accomplished. The borrowers state they made $24,000 in net income from the hogs last year.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *No different, borrower states they could have gotten a loan elsewhere.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *The new hog enterprise generated $24,000 in net income and provided 2 part-time and 1 full-time job in 2007*
3. How have ADF investments leveraged other resources? *Local ag lender loaned 50% of the project.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *N/A*

Organization: Lumber Company
Loan Program: Agricultural Processing Loan (APLP)
Amount of Loan: $550,000 (Total project cost: $1,250,000)—December 2008
Description: Purchase equipment and finance business expansion.

Progress on goals stated in the Loan Program description: (Evaluation Team comments in italics)

1. Agricultural Processing Loan purpose: to "provide loan opportunities to companies that add value to Kentucky grown agricultural commodities through further processing. *Accomplished. Company will purchase and use more timber and logs from Kentucky due to the added equipment.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *No difference, borrower says they could borrow the funds from a commercial lender.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *8 full-time jobs created at $7 per hour*
3. How have ADF investments leveraged other resources? *KAFC loan was 20% of the total project cost*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *N/A*

Organization: Horse Farm
Loan Program: Beginning Farmer Loan (BFLP)
Amount of Loan: $100,000 (Total project cost: $569,000)—
Description: Young couple with horse training, boarding and sales experience wanted to buy a larger farm in order to expand their business and horse operations four-fold. They were renting a 40 acre farm. With KAFC and local bank they were able to purchase a 172 acre farm.

Progress on goals stated in the Loan Program description: (Evaluation Team comments in italics)

1. Beginning Farmer Loan Program (BFLP) purpose: to "assist emerging farmers who wish to create, expand or buy into a farming operation. *Accomplished. A young couple will have a full time farm enterprise in their name and ownership.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *One less full-time young farmer owned enterprise.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *Four fold increase in farm operation, potentially leading to $100,000 in annual farm income.*
3. How have ADF investments leveraged other resources? *Local bank farm ownership loan*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *N/A*

Organization: Cattle and Grain Farm
Loan Program: Agricultural Infrastructure Loan (AILP)
Amount of Loan: $20,000 (Total project cost: $37,665)—November 2006
Description: Build multi-purpose barn with shop and machinery / hay storage. Farmer had barn destroyed 3 times with weather or fire events. Used a KAFC loan and local bank loan to rebuild his barn.

Progress on goals stated in the Loan Program description: (Evaluation Team comments in italics)

1. AILP: Assist Kentuckys farmers in financing long-term projects that will improve their financial viability. *Accomplished. Multi-purpose barn will add value to hay crop and save on feed costs.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Possibly one less KY farmer in business today.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *By storing hay in the barn farmer increased its value by $1,080*
3. How have ADF investments leveraged other resources? *Local bank loan*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *N/A*

Organization: Bio-Processing company
Loan Program: Agricultural Processing Loan (APLP)
Amount of Loan: $3,600,000 (Total project cost: $8,400,000)—February 2006
Description: To purchase from bankruptcy court the assets and faculties of Large Scale Biology Corporation (LCBC) in Owensboro, KY. KY Bio-Processing, Inc. (KBI) is a newly formed company that proposes to continue the plant based protein derived pharmaceutical manufacturing started by LSBC. KBI will operate as a contract research facility rather that a product

development and marketing firm. If successful, KBI predicts the potential to contract thousands of acres of crops (tobacco plants) in order to manufacture a fully developed and approved pharmaceutical product.

Progress on goals stated in the Loan Program description: (Evaluation Team comments in italics)

1. Agricultural Processing Loan purpose: to "provide loan opportunities to companies that add value to Kentucky grown agricultural commodities through further processing. *At the time of our interview and site visit KBI was not contracting a significant amount of field crops to be grown by area farmers. A fully approved pharmaceutical product, ready for mass production is a long term process sometimes taking ten years to complete.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *No difference in the short run. If KBI is successful in the future there could be profitable contracts for area farmers to grow specialty crops.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *No effect on farm income, as yet. Community development: 17 full time jobs created or maintained with an average salary of $60,000 annually. Two other bio-pharmaceutical companies have since moved to the Owensboro area: Intercept and Map. The two have a combined employment of approximately 8 employees*
3. How have ADF investments leveraged other resources? *Investment of $2.3 million dollars into the project from Owensboro Medical Health System and a continuation of a $2.9 million dollar loan from Kentucky Technology, Inc.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *KBI is training local farmers how to grow certified bio-engineered crops to meet all regulations and specifications.*

Organization: Beginning Farmer
Loan Program: Beginning Farmer Loan (BFLP)
Amount of Loan: $37,500 (Total project cost: $150,000)—February 2008
Description: Young person with out a family farm wanted to purchase a 77 acre farm to begin his own enterprise. He is currently managing a large farm for someone else. The KAFC loan provided the down payment for him to purchase land in his name. He plans to crop share with his current employer to make the mortgage payments.

Progress on goals stated in the Loan Program description: (Evaluation Team comments in italics)

1. Beginning Farmer Loan Program (BFLP) purpose: to "assist emerging farmers who wish to create, expand or buy into a farming operation. *Accomplished. Young farmer has made his first farm land purchase.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *It would be harder for a young farmer to purchase farm land.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *A 77 acre farm owned by a young farmer (less than 30 years old). $15,000 in farm income going to a young farmer.*
3. How have ADF investments leveraged other resources? *Local bank loan for farm ownership.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *Encouraged a young farmer to start his own farm business.*

Organization: Row Crop Farm
Loan Program: Agricultural Infrastructure Loan (AILP)
Amount of Loan: $44,000 (Total project cost: $88,000)—September 2006
Description: Grain farm wanted to add additional grain bin for crop storage.

Progress on goals stated in the Loan Program description: (Evaluation Team comments in italics)

1. AILP: Assist Kentuckys farmers in financing long-term projects that will improve their financial viability. *Accomplished. The farm added a 62,000 bushel grain bin to their existing 302,000 grain storage facility.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *No difference. This is a well financed, successful business that could borrow the money else where if needed.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *An additional 62,000 bushels of grain storage has been added to a farm business.*
3. How have ADF investments leveraged other resources? *Borrowed $44,000 from a local Ag lender.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *N/A*

Organization: Tobacco, hay and beef cattle farm

Loan Program: Beginning Farmer Loan (BFLP)
Amount of Loan: $100,000 (Total project cost: $200,000+)—July 2008
Description: Purchase 132 acres of farmland. Young farmer wanted to purchase some of the families land in order to establish his own farm business separate from his parents farm business. He plans on continuing the farming tradition in his family and is the 5th generation to own the land he purchased with help from KAFC and a local bank.

Progress on goals stated in the Loan Program description: (Evaluation Team comments in italics)

1. Beginning Farmer Loan Program (BFLP) purpose: to "assist emerging farmers who wish to create, expand or buy into a farming operation. *Accomplished. Young farmer purchased 132 acres of farmland to establish his own farm business.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *One less young career farmer.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *Too early to have any income results.*
3. How have ADF investments leveraged other resources? *Local bank loan.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *Young farmer with career ambition in farming.*

Organization: Wood Products
Loan Program: Agricultural Processing Loan (APLP)
Amount of Loan: $53,000 (Total project cost: $106,000)—January 2007
Description: To purchase equipment needed to process and bundle firewood for retail sales. The Company was in the business of selling logs purchased from Kentucky land owners. The owners of the business obtained a marketing agreement with a major marketing company that sell firewood products to convenience stores and other retail outlets. Additional equipment was needed in order to process logs into split firewood, bundled for retail sales.

Progress on goals stated in the Loan Program description: (Evaluation Team comments in italics)

1. Agricultural Processing Loan purpose: to "provide loan opportunities to companies that add value to Kentucky grown agricultural commodities through further processing. *Accomplished. Kentucky grown timber will be processed into retail firewood bundles. The additional processing will add value to the raw commodity: logs.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *The value of timber stands will be improved due to the creation of an additional outlet for lower quality logs.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *No difference other than, the low interest rate helps make the loan easier to pay back. The owner states they would have borrowed the money elsewhere if KAFC was not available.*
3. How have ADF investments leveraged other resources? *Local bank loan.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *N/A*

Organization: Dairy Farm
Loan Program: Agricultural Infrastructure Loan (AILP)
Amount of Loan: $100,000 (Total project cost: $758,249)—September 2008
Description: Build Free Style Dairy Barn. Dairy farm wanted to add a fourth free style dairy barn to their existing operation. The barn will house 300 milking dairy cows. The addition of the fourth barn brings the milking herd to 1,200 head. At this level of production the farm can hire one of the owners sons as a full-time manager of the dairy herd and milking facility.

Progress on goals stated in the Loan Program description: (Evaluation Team comments in italics)

1. AILP: Assist Kentuckys farmers in financing long-term projects that will improve their financial viability. *Accomplished but as a minor part of the project (10% of the project cost).*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *No difference, they could find financing elsewhere if needed.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *Manager states they did the project 6 months sooner because of the KAFC loan being available. Income calculation: 6 months X 30 days X $4,000 per day X 10% of the project = $72,000 in farm income generated*
3. How have ADF investments leveraged other resources? *N/A*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *N/A*

Organization: Cattle, Hay and Tobacco Farm
Loan Program: Beginning Farmer Loan (BFLP)
Amount of Loan: $100,000 (Total project cost: $1,233,158)—May 2007
Description: Purchase part of 308 acre farm family LLC is buying. Young man wanted to buy into the family farming Limited Liability Company and participate in purchasing a 308 acre farm to add to their existing properties.

Progress on goals stated in the Loan Program description: (Evaluation Team comments in italics)

1. Beginning Farmer Loan Program (BFLP) purpose: to "assist emerging farmers who wish to create, expand or buy into a farming operation. *Accomplished. Young farmer borrowed funds from KAFC to pay down payment on land purchase.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *It would be harder for young farmers to borrow down payment funds to purchase land.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *2007 projected net farm income of $145,000 X 10% X 2 years = $29,000.*
3. How have ADF investments leveraged other resources? *KAFC provided the down payment (2 brothers X $100,000 each) of the remaining amount; $799,200 was financed by a local bank with FSA loan guarantee.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *Two young farmers will pursue a career in farming.*

Organization: Alpacas
Loan Program: Agricultural Infrastructure Loan (AILP)
Amount of Loan: $98,000 (Total project cost: $149,427)—October 2007
Description: Barn and sales room. Farm raises, boards and breeds alpacas and needed a clean modern facility to care for young animals and breeding stock as needed. They also wanted to add a sales room for finished wool products and an office to meet with clients wanting boarding/breeding services for their animals.

Progress on goals stated in the Loan Program description: (Evaluation Team comments in italics)

1. AILP: Assist Kentuckys farmers in financing long-term projects that will improve their financial viability. *Accomplished. They have built a new barn with sales area and an office as well as animal care facilities.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Slower growth for this business without KAFC. The farmer states they would have done the project anyway but at a smaller size. Farmer states they would not have built as big a facility with out the KAFC low interest loan. Their business is going well and the new facility helps their efficiency and improves their marketing efforts.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *1 additional full-time job caring for increased boarding/breeding stock.*
3. How have ADF investments leveraged other resources? *50% loan from local bank.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *The loan has helped a non traditional agriculture enterprise to expand thereby increasing the entrepreneurial expertise in the area.*

Organization: Tobacco and Cattle Farm
Loan Program: Agricultural Infrastructure Loan (AILP)
Amount of Loan: $61,377 (Total project cost: $125,506)—November 2005
Description: Build three new tobacco barns. Farmer wanted to add 30 additional acres of tobacco production to his farming operation and needed more barn space to cure tobacco. Farmer sought funds to build three new tobacco barns.

Progress on goals stated in the Loan Program description: (Evaluation Team comments in italics)

1. AILP: Assist Kentuckys farmers in financing long-term projects that will improve their financial viability. *Accomplished. Farmer has added three more barns and is growing more tobacco which is a profitable crop for him. He will produce an additional $125,000 in farm income from the additional acres grown.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Farmer would be paying a higher interest rate and maybe take longer to pay off the loan to build new barns.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *No difference other than, the low interest rate helps make the loan easier to pay back. The owner states he would have borrowed the money elsewhere if KAFC was not available.*

3. How have ADF investments leveraged other resources? *Loan from a local agricultural lender.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *N/A*

Organization: Tree Farm
Loan Program: Beginning Farmer Loan (BFLP)
Amount of Loan: $100,000 (Total project cost: $200,000)—June 2006
Description: Purchase equipment. Young farmer needed to purchase specialty equipment to harvest nursery stock.

Progress on goals stated in the Loan Program description: (Evaluation Team comments in italics)

1. Beginning Farmer Loan Program (BFLP) purpose: to "assist emerging farmers who wish to create, expand or buy into a farming operation. *Accomplished. Young farmer was able to purchase specialty equipment needed to produce and harvest at scale.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *Possibly one less young full-time farmer in business or a young farmer with a less efficient business due to a lack of proper equipment. KAFC loan help with down payment money and a longer pay back period as well as a lower interest rate.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *A new farm enterprise has been expanded to become a career. Young person left a professional white collar job to farm full-time.*
3. How have ADF investments leveraged other resources? *50% loan from a local ag lender.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *One more full-time young farmer for leadership and entrepreneurial spirit.*

Organization: Poultry Farm
Loan Program: Agricultural Infrastructure Loan (AILP)
Amount of Loan: $100,000 (Total project cost: $353,800)—April 2007
Description: Construct 2 new poultry barns. Poultry Farm with 4 existing poultry barns wanted to expand operations and build 2 more barns. Broilers are contracted with Pilgrims Pride Company.

Progress on goals stated in the Loan Program description: (Evaluation Team comments in italics)

1. AILP: Assist Kentuckys farmers in financing long-term projects that will improve their financial viability. *Accomplished. Owners have been in the chicken business for 18 years. Adding two more barns will increase their farm income.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *No difference other than, the low interest helped make this loan easier to pay back. The owner states they probably would have borrowed the money without KAFC if need be.*
2. What have been the quantitative and qualitative impacts of ADF expenditures? *The owner states they expect their farm income to increase approximately $84,000 annually by adding the two new barns.*
3. How have ADF investments leveraged other resources? *$253,000 loan from a local bank.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *N/A*

Organization: Grain and tobacco farm
Loan Program: Agricultural Infrastructure Loan (AILP)
Amount of Loan: $35,000 (Total project cost: $70,890)—January 2007
Description: Purpose was to build 25,000 Bu grain bin and add elevator leg. Two brothers farming in Daviess County wanted to expand their grain storage capacity in order to market grain at more favorable prices after harvest season has ended.

Progress on goals stated in the Loan Program description: (Evaluation Team comments in italics)

1. AILP: Assist Kentuckys farmers in financing long-term projects that will improve their financial viability. *Accomplished. The farmers stated they received more money for their corn crop last year as a result of being able to store it and sell later at better prices. The grain storage project has improved the borrowers financial viability by reducing the price risk by adding more marketing time.*

The 4 Questions:

1. Where would Kentuckys agriculture be without the ADF investments? *No difference. Borrowers and lender say they would have done the project any way.*

2. What have been the quantitative and qualitative impacts of ADF expenditures? *At the interview the borrowers stated they gained $1.70 per bushel in sales price last year by storing their corn and selling at a later date. 25,000 bushel X $1.70 = $42,500 in additional farm income in the first year*
3. How have ADF investments leveraged other resources? *Local bank loaned 50% of the project cost.*
4. How have ADF programs affected county leadership and entrepreneurial leadership? *N/A*

Appendix C

Expert group summaries

Co-op Expert Meeting Notes

Elizabethtown, KY—November 20, 2007

UK Evaluation Team:
Dr. Craig Infanger, Jim Mansfield, Laura Powers

Invitees in attendance:
John Bell—Produce Farmer, President KY Horticulture Council
Angela Caporelli—KDA Marketing Specialist, Aquaculture
Annette Heisdorffer—Daviess County Horticulture Extension Agent
Nathan Howard—Daviess County Ag Extension Associate, Produce Crops
Nathan Howell—UK Ag Extension Associate, Produce Crops
Brent Lackey—KY Center for Ag and Rural Development
Glen Roberts—Wayne County Ag Extension Agent
Larry Snell—Exec. Director, KY Center for Ag and Rural Development
Dr. Tim Woods—UK Ag Extension Specialist, Agribusiness
Forrest Wynne—KSU Area Extension Agent, Aquaculture

General notes about co-ops

> ADB and other enablers had the wrong expectations. We should have looked at the co-ops as a stepping stone in the transition from being cattle and tobacco farmers producing non-perishable farm products, to growers of perishable products which have much higher requirements in terms of post harvest handling, timely marketing and a low tolerance for off quality.

Vegetable co-ops on average were returning only 50% of the sales receipts to members in grower payments. This resulted in low profitability to farmers and apparently was still not enough co-op deductions to pay the total costs of operations (even when the facilities were heavily subsidized). Conclusion: this was not a sustainable business model. The co-ops operated only seasonally but had expenses year round.

Vegetable co-ops removed problems faced by new produce growers. They had to learn to grow and harvest perishable crops, but they didnt have to ALSO grade, pack and market the crops simultaneously.

Co-ops were supposed to take some of the risk away from the new ventures: less capital outlay needed for post harvest handling (washing, grading, cooling, packaging and marketing).

"A past West KY tomato co-op resulted in two generations of successful production and 30 years later we still see the effects.

Reported that GOAP staff dictated to applicants what the project goals would be.

Push was for co-ops to include more growers and counties which was counter to business efficiency and product quality because they had to take on inexperienced growers and more logistics.

ADF money was available only for equipment and construction (expansion) even when management was identified as a critical issue and not funded!

The on farm investments made by farmers to buy specialized farm equipment (transplanters, mulch layers, sprayers, harvest equipment, etc), irrigation and handling facilities was probably more money than all of the ADF funds invested in produce, nursery or aquaculture co-ops.

The co-ops contributed to agriculture diversification, institutional development and facilitated new grower investments in non-traditional enterprises.

Notes about specific projects

Appalachian Sweet Sorghum

- Still in operation
- Not incorporated as a co-op, KCARD says they are a 501-C3 non-profit corporation

Central KY Growers Co-op

- Still in operation
- 50-60 farmers all toll over the years from 15-16 counties, approximately 30 growers at its peak. 75-80% of the first year members are still growing vegetables.
- 20-25 members are still growing produce
- 10 members continue to market produce through the Co-op

Cumberland Farm Products

- Operated for 30 years, now closed.
- As the co-op member base gained experience, they diversified their crops and marketing so that in time they did not need the co-op.

Green River Growers

- Closed, facilities sold.
- Most of the past members still grow produce for sale at farmers markets, produce auctions or on a contract basis.

West KY Growers Co-op

- Closed, facilities leased to a 3rd party.
- The County ADF money was turned into a forgivable loan when it was meant to be a grant.
- Not true that vegetable production is “back to square one.
- Extension office in Owensboro has been approached by seven different produce marketing firms who expressed an interest in contracting with growers for commercial vegetables, five of the seven did find growers to work with.
- 32 farms grew for the co-op. In 2006 10 of those farms continued with commercial vegetable production. In 2007 9 of the farms grew commercial vegetables.

Purchase Area Aquaculture Co-op

- Closed, facilities sold.
- Aquaculture in Western KY is still going and doing well, some examples of significant sales from aquaculture farms were given.
- The State pond-cost share was not the sole reason for lack of fish production acres. Growers stopped putting in ponds due to the co-ops not paying for members fish (“using members as a bank). Also operational/sales problems at the co-op raised concerns among potential new producers. Pond cost-share was stuck in a legislative quagmire due to funds remaining earmarked for Eastern KY and yet need was in Western KY where they had used up all their allotted cost-share funds.
- New growers need 5 years to learn aquaculture production competency.
- KY aquaculture needed to do this (try and fail at having a fish processing plant), in order to get beyond that idea and focus on the live fish markets instead.
- Live fish markets are more of a hassle to deal with as the farmer has to do multiple harvests of their ponds to supply a steady amount of fish to buyers weekly as opposed to a one time total pond harvest for processing.
- PAAC built a plant for fresh market fish processing. It turns out the markets they developed were for frozen fish.
- Western KY aquaculture farmers are now making money.

- There are now 3-4 times more fish farmers and 3 times more acres of catfish than before the PAAC were started. This is a direct result of the co-op.
- Grower numbers are down from the peak; 30 growers down to 15 with 300 acres of fish production.

KY West Nursery Co-op

- Closed, facilities sold
- "Co-op was a significant success
- Example: new grower started with 10 acres, is now up to 50 acres of nursery crops
- Co-op lending power was a significant boost to new growers, allowing them to expand much faster than self financed start-up ventures
- KY West Nursery was going to happen, with or without ADF money. They had a professional feasibility study done and had been planning to do something.

Grain Expert Meeting Notes

Elizabethtown Cooperative Extension Office—November 19, 2007

UK Evaluation Team:
Dr Craig Infanger, Dr. Rick Maurer, Jim Mansfield

Invitees in attendance:
Mark Galoway—Grain-Elevator in Hardinsburg , Agri-Alliance Co.
Kennith Hayden—Grain Farmer and KY Corn Growers Association
Chad Lee—UK Ag Extension Specialist, Agronomy
Ed McQueen—KY Farm Bureau, Commodities Analyst
Rankin Powell—Union County Ag Extension Agent
Steve Riggins—UK Ag Extension Specialist, Grain Marketing
Doug Shepard—Hardin County Ag Extension Agent
Jay Stone—Christian County Ag Extension Agent
Jack Trumbo—Grain Farmer and KY Soybean Growers Association
Brent Williams—Feed Manufacturer, Producer Feeds Co., President of KY Feed and Grain Association

General notes about grain industry

- The amount of grain acres in KY is static at approximately 1.2 -1.3 million acres each, more corn acres = less soybean acres.
- Four major grain buying companies have river port terminals in Kentucky (Owensboro). The river system with access to the Mississippi River has created price competition among buyers. KY river price is the best in the country.

- Starting in 1992 chicken contract production with its subsequent feed manufacturing has boosted the KY corn price.
- Each poultry feed plant purchased approx. 10 M bushels of corn.
- KY average seasonally adjusted price for corn compared to the US SAP roughly went up about 1% for each new chicken feed processing plant.

Notes about specific projects

Commonwealth Agri-Energy

- Commonwealth Agri-Energy (CAE) is purchasing a similar amount of corn.
- Commonwealth Agri-Energy has probably affected the SAP of KY corn a similar amount—about 1% increase in price.
- CAE being owned by members of the Hopkinsville Grain Elevator Co-op will have a larger impact on net farm income because they are paying farmer members a patronage refund from the ethanol profits in addition to a 1% price premium.
- CAE has paid a patronage dividend of 44 cents in 2006, $1 dollar in 2007 and is estimated to pay a reduced rate of 15–18 cents in 2008 due to the decreased demand for ethanol as a fuel additive.
- A negative impact from CAE may be the competition for grain crops between CAE and smaller grain elevators in the area. "Competition will thin out the ranks then the price will go back to normal.

Owensboro Bio-diesel Plant

- Siemer might be paying a premium on the low quality wheat they buy for glue extender; however the wheat is heavily docked to begin with.
- Privately owned, no patronage refunds to farmers.
- Will provide a source for bio-diesel in KY.
- No effect on price or the market for soybeans due to adjacent grain buyers and international markets, prices stays about the same.
- The $1 dollar federal subsidy on bio-diesel is the only thing that is keeping soy diesel being made. Soybeans are too expensive.

Siemer Milling

- Siemer might be paying a premium on the low quality wheat they buy for glue extender; however the wheat is heavily docked to begin with.
- Siemer is expanding the market for KY wheat because they are buying the off quality wheat as well as the higher quality wheat. Few outlets for the off quality wheat prior to Siemers ADF funded expansion into industrial glue products.
- Siemers premium payments of 12 cents per bushel are an addition to net farm income in KY of about $288,000 in 2006.

Lake Cumberland Milling (LCM)

- Will have an impact due to the basis deficit (transportation costs to river port terminals). 40 cent premium paid may actually be a 5 cent premium plus transportation saving to Owensboro. 5 cents X 250K bushels = $12,500 additional net farm income. LCM is a benefit to farmers with a 5 cent premium and a source of slightly cheaper soybean meal for livestock feed.

Christian County Grain

- Slight premiums paid for food grade corn.
- Approximately $27,750 annually at present.
- Project is not fully implemented yet.
- Farmers may not see a premium for corn sold as bagged deer corn but grain company should earn more, selling a retail ready product.

Horticulture Expert Meeting Notes

UK Student Center—November 9, 2007

UK Evaluation Team:
Dr. Craig Infanger, Dr. Rick Maurer, Jim Mansfield, Bonnie Wathen, and John Woolley

Invitees in attendance:
Dr. Tim Coolong—UK Ag Extension Specialist, Vegetable Crops
Tom Cottrell—UK Ag Extension Specialist, Enology
Dr. Win Dunwell—UK Ag Extension Specialist, Nursery Crops
Maurice Fegenbush—President, KY Fruit Growers Association
Amy Fulcher—UK Ag Extension Associate, Nursery Crops
Nathan Howell—UK Ag Extension Associate, Produce Crops
David Spaulding—UK Ag Extension Associate, Produce Crops
Dr. Dewayne Ingram—Chairman of the UK Horticulture Department
Dr. Terry Jones—UK Ag Extension Specialist, Horticulture
Dr. Kaan Kurtural—UK Ag Extension Specialist, Viticulture
Todd Ryan—Vice President of KY Landscape and Nursery Association
Chuck Smith—President, KY Vineyard Society
Robert Stone—President, KY Vegetable Growers Association
Dr. John Strang—UK Ag Extension Specialist, Fruit and Vegetable Crops
Dr. Tim Woods—UK Ag Extension Specialist, Agribusiness

General notes about KY Horticulture

KY Ag. Statistics Service Statistics: Cash Receipts from Farm Marketings 2000–2006:

- 47% increase in horticulture crops cash receipts.
- 70% increase in produce crop cash receipts.
- 42% increase in floriculture cash receipts.
- 31% increase in nursery, greenhouse and sod cash receipts.

Other notes:

- Approximately half of the 8-10% annual growth of KY produce crops is due to the ADF funded horticulture projects.
- ADF funded projects were successful because they addressed three needed areas: 1) education, 2) infrastructure, 3) promotion/marketing.
- “Ag statistics for horticulture are under reported.
- Look at the number of new horticulture growers started during the time period.

Notes about specific projects

Horticulture Council (HC)

- HC funded critical research for a rapidly changing industry.
- On farm demonstrations and extension associates advisory work “tremendous success in bringing technology to the growers.
- 69% increase in vegetable crop cash receipts.
- HC funded KDA cost-share for trade shows has led to a large KY presence in the Central US nursery industry and has enhanced marketing opportunities for KY growers.
- 78-80% KY Grapes are now planted in appropriate cultivars—university research has educated KY growers on the weather related risks of non-hybrid grapes.
- HC funding is not secure, w/o ADF funs new growers will have harder time.

Produce Cooperatives

- Co-ops were under funded, KDA marketing assistance—could be more.
- Co-ops brought in large out of state produce buyers.
- Co-ops helped get new produce farmers started.
- Co-ops reduced the costs and risks for new growers by assuming the grading, cooling, packing and marketing functions.
- Post co-op—out of state produce buyers are asking extension agents about produce farmers to contract with.
- Produce farming was not as progressive until ADF funding.
- ADF Horticulture projects and HC technical assistance stimulated change.

- Green River Growers Co-op—40-50 co-op members, now 30 growers still w/ produce crops.

Grapes and Wineries, Grape and Wine Council

- The industry needed a KY extension winemaker (enologist) and viticulturist. They are making a big difference to successful outcomes.
- The Grape and Wine Council is just getting started, "will have a positive impact in the future.
- Winery investments started with 5 wineries—now 44 listed wineries.
- 92% increase in farm marketing cash receipts (KY Ag Statistics) from "Other fruits, nuts, and berries category (wine grapes/berries)
- "Agri-tourism effect is working. Henry County is a positively impacted tobacco community.

KY West Nursery Co-op (KWNC)

- "Co-op was unfair competition to those already in the business, the ADF money gave the new growers an ability to jump into production at a much higher level than a self financed business could.
- "This is a success story, new growers have gotten established and some are expanding operations. An example: one new grower started with 10 acres of production and is now up to 50 acres of production.
- KWNC doubled production in a short time period which hurt prices for the other existing growers.
- HC and Extension funded personnel have made the difference between success and failure for the new growers.
- Of the 22 members of the co-op, 15 are still in production.

Livestock Expert Meeting Notes

UK Student Center—November 29, 2007

UK Evaluation Team:
Dr. Craig Infanger, Dr. Rick Maurer, Jim Mansfield, Bonnie Wathen

Invitees in attendance:
Jim Akers—CFO of Bluegrass Stockyard
Tess Caudill—KDA Marketing Specialist, Sheep and Goats
Tim Detrich—KDA Marketing Specialist, Beef
Dr. Jack Macallister—UK Ag Extension Specialist, Dairy
Glen Mackie—Bourbon County Ag Extension Agent
Dr. Lee Meyer—UK Ag Extension Specialist, Livestock Marketing
Mike Oveson—Executive Director of KY Pork Producers Association

Eunice Schlappi—KDA Marketing Specialist - Dairy
Dr. Jim Tidwell—KSU Aquaculture Program Director

Notes about specific projects/sectors

KY Dairy Development Council (KDDC)

After the state government administration changed the ADB focused more on traditional KY agriculture enterprises such as Dairy, Beef, Hay, Grains etc. The goal of the KDDC is to modernize KY dairy farms. One approach to this has been through the MILK incentive program. KDA Marketing Specialist Eunice Schalappi estimated that 10% of KY dairy farms are now signed up with the incentive program and or the young farmers program. In 2005 there were 1200 dairy farms in KY, that same year 500 attended some KDDC sponsored educational event. There are over 50,000 dairy heifers being grown under contract in KY, it is too soon to determine if successful.

KY Beef Network (KBN)

The initial approach was to throw everything possible at the wall and see what sticks. KBN has spent a large amount of their funds on their educational efforts. Farmers had opportunity to participate in these educational programs such as Master Cattlemen, Advanced Master Cattle, and Master Grazer, etc. They were then better able to take the KBN information and put it to use because they had county model program money to cost-share on improved cattle handling systems and improved genetics. ADF money for KBN personnel was essential to the success of the program.

Beef producers needed three things in order to thrive:

1. Good accurate information
2. Price discovery, marketing assistance
3. Extension Education

CPH-45 Sales—Education, organization and promotion have led to the success of the CPH 45 sales. Cost-share for the stock yards helped them better handle CPH-45 cattle as well as the PVP program. The reputation of Kentuckys cattle has been elevated as a result of CPH-45 sales and other positive cattle purchasing experiences. This may be evidenced by better pricing for KY cattle. Existing order buyers have increased their purchases of KY cattle as well as attracting significant new players into the KY market. The PVP program is just getting going with the reopening of exports to Japan. PVP is aimed at the export market. Cow numbers in KY have been rising while cow numbers in surrounding states have fallen.

“The only thing you need to do to get something to happen is to lay the money on the table. Farmers will find a way to get it. Our biggest failures happened when we have gotten into the production side and tried to force something to happen.

Sheep and Goat Development Office

It is too soon to determine if successful.

Burn Larkin Farm

The educational program was good. A lot of people started their goat enterprise as a result of visits or programs their. The educational component of the project was probably money well spent. UK had no goat program at that time.

Aquaculture

Fish and prawn hatcheries and nurseries are needed in order to keep aquaculture production opportunities within the state. The failure of the PAAC Co-op has hurt the aquaculture effort in Kentucky. Most of the aquaculture ponds in W. KY are still in production with sales to pay lakes and out of state processors. West KY has potential in aquaculture due to an abundance of water, suitable soils and climate. One component that is missing is an organizational structure to grow the aquaculture effort. There are other successful aquaculture farms in the state besides catfish. An example is a very successful largemouth bass grower in the Bardstown area with approx. 50 acres of water and $5/lb live market sales to out of state buyers (Toronto Canada).

Marketing and Promotion Expert Meeting Notes

Crowne Plaza Campbell House Inn—December 13, 2007

UK Evaluation Team:
Dr. Craig Infanger, Dr. Rick Maurer, Jim Mansfield, Bonnie Wathen, And Dr. Harry Kaiser–Consultant–Cornell University

Invitees in attendance:
Janet Eaton—KDA Marketing Specialist, Farmer's markets
Millard Long—Katelyn's Honey, Private label food manufacturer
Ed Rogers—Green River Cattle Company
Dan Barbachek—Red7E Advertising
Steve Hensley—Wave TV
Gary Osborne—Roby's Food Distribution, produce wholesaler
Susan Schlosnagle—egg producer
John Sharp—Beef & Grasshoppers LLC
Sandy Corlett—organic farmer

Kentucky Department of Agriculture—KY Proud Program

Comments about the KY Proud Program

- The KY Proud program has taken on its own identity. The program is no longer about KDA; its about KY grown products.
- The single KY Proud logo, the famous sports people as spokespersons for the program and the dollars invested in advertising have made an impact.
- The program should continue putting money into labeling so the customer knows KY Proud products when they see them.
- KY Proud as a brand on a multitude of products gives retailers some confidence that there is a supply even if particular items come and go seasonally.
- In rural areas the community farmers markets are the face of KY Proud. Many of the 115 farmers markets across the state use KDAs at cost promotional items to promote their locally grown items. Many farmers market vendors (estimated to be 2,015 in 2007) use KY Proud logo bags, banners and clothing in their booths.
- The KY Proud brand is selling quality (local, fresh, wholesome) usually priced higher
- Wave 3 TV: The 50/50 cost-share advertising with retailers is effective; he can see the impact at the store level. Without the KDA ad money the retailers probably would not continue the KY Proud ads.
- Consumer trends nation wide have also driven the interest in local food products. KY Proud has grown right along with that. KY Proud can not take all the credit of KY consumer interest. The KY Proud logo is a way for consumers to find the local products. Questions of why there is not a requirement that KY Proud products have to be composed of mostly KY agriculture products.
- Louisville Advertising Executive: "KY Proud as a whole got a good value for the $10 M in terms of brand recognition and consumer buy in. To build equity in a brand for $2 million dollars a year is a bargain.

Comments about KDA

- KDA staff has been very helpful. The grant money they gave us to develop labels was important to us.
- KDA gave us a small grant to help with the box set-up cost for KY Proud tomato boxes. We sell a lot of local tomatoes to Cracker Barrel Restaurants. Their customers are interested in KY Proud (local produce).

Comments about Allied Food Marketers West

- Allied has helped get KY Proud products onto retailers shelves.
- The KY Proud Expo in Northern KY was the best thing Allied has done for us. It got us in front of retailers we would not have met other wise. I followed up with the people I met and got some new customers.

- John Morris of Allied has been very helpful with ideas for new product and with introductions to new customers. About one third of my sales are from business I landed with help from John Morris.
- Logistics is a major problem for KY producers. Someone who sells $50,000 or less of KY products can not afford to set-up a whole distribution system on their own. Allied was suppose to help with this. They have not.
- I am paying an arm and a leg for transportation. There is no central distribution point, I am paying both ways, hauling products to customers and hauling raw materials to my plant for processing.
- Rebekah Grace Company (RG) is the only distribution/logistics solution offered to producers.
- "What Allied has done for Rebekah Grace was what I thought they were supposed to do for us. Instead they are pushing producers into sales through RG. This is a conflict of interest. Five different attendees of the meeting stated they think Allied has a conflict of interest and is pushing the Rebekah Grace label ahead of producer owned labels.
- The RG Company asked for a lower price than what I was selling for. Allied brokers the deal and charges a 5% commission.
- RG is developing a line of pasture raised natural eggs. They are offering farmers too small a price to be profitable and they will be directly competing with the eggs I am producing and selling now.
- What benefit is Allied providing to those that want to preserve their own brand identity?
- We are selling local tomatoes in our box and labeled as Kentucky Proud. Allied Food Marketers wanted us to pack local tomatoes under the Rebekah Grace label. RG would charge us a sales commission. Allied is not promoting KY Proud, but RG instead. This is a conflict of interest from what they are being paid by the state to do.
- There needs to be clear expectations and accountability built into Allied contract.

Model Expert Meetings

Hillary Boone Center—July 28, 2008

UK Model Evaluation Team:
Dr. Gary Palmer, Paul Deaton, Josh Renaker

Invitees in attendance:
Gayle Arnold—Montgomery Co. Farmer, Ag Advisory Council President
Ken Andries—KSU Small Ruminant Specialist
Jarod Barkley—Monroe Co. Farmer
Kenny Burdine —UK Ag Economics
Chuck Crutcher—Hardin Co. Farmer
Gary Carter–Harrison Co. Extension
Ron Catchen—Montgomery Co. Agent

Paul Deaton—Ag Programs
William Fritz—Harrison Co. Farmer
Gary Hamilton—Bath Co. Agent
Kevin Horn—Ag Programs
Terry Hutchens—UK Extension Goat Associate
Todd Harp—GOAP
Jerry Little—Boyle County Agent
Kevin Lyons—Monroe Co. Agent
Steve Moore—Henry Co. Agent
Doug Overhults—UK Livestock Facilities Specialist
Gary Palmer—Ag Programs
Josh Renaker—Ag Programs
Doug Shepherd—Hardin Co. Agent
Don Sorrell—Campbell Co. Agent
Greg Sloan—Boyle Co. Farmer, County Council
Kylee Smith —GOAP
Ray Smith—UK Forage Specialist

Major Model Programs

- Cattle Handling Facilities Program
- Cattle Genetics Improvement Program
- Forage Improvement and Utilization Program
- Hay, Straw and Commodity Storage Program

Ag Diversification Programs

- Agri-tourism
- Aquaculture
- Certified/Commercial Kitchen
- Direct to Consumer Livestock
- Equine
- Fruit Sorghum
- Greenhouse Conversion/Construction
- Honeybees
- Ornamental Horticulture
- Poultry - Pastured / Other Fowl
- Rabbit
- Vegetable, Mushroom, Herb
- Sod
- Commercial Poultry Program
- Dairy Diversification Program
- Goat Sheep Diversification Program

- Swine Diversification Program

Other

- Farm Livestock Fencing Improvement Program
- On-farm Water Enhancement Program
- Shared-Use Equipment Program
- Technology Program
- Timber Production, Utilization and Marketing Program

Agricultural Agents Focus Group

UK Model Evaluation Team:
Gary Palmer, Ricky Yeargan, Paul Deaton, Josh Renaker

Invitees in Attendance:
Kevin Horn—Model State Review Team: UK Ag Programs
Gary Carter—UK ANR Agent Harrison County
Dan Grigson—UK ANR Agent Lincoln County
Patrick Hardesty—UK ANR Agent Taylor County
Jerry Little—UK ANR Agent Boyle County
Kevin Lyons—UK ANR Agent Monroe County
Glenn Mackie—UK ANR Agent Bourbon County
James Mansfield—Non-model State Review Team
Steve Moore—UK ANR Agent Henry County
Bill Peterson—UK ANR Agent Mason County
Brandon Sears—UK ANR Agent Madison County
Jeffery Smith—UK ANR Agent Fleming County
Don Sorrell—UK ANR Agent Campbell County
Gary Tilghman—UK ANR Agent Barren County

Experts Consulted

Darrh Bullock—Beef Production, UK Animal & Food Sciences
Kenny Burdine–Beef Economics, UK Agricultural Economics
Roy Burris—Beef Production, UK Animal & Food Sciences
Louise Cook—Executive Director KY Veterinary Medical Association
Sam McNeill—Processing and Storage , Biosystems & Agricultural Engineering
Doug Overhults—Facilities and Fencing, Biosystems & Agricultural Engineering
Bob Sand—Owner of The Beef Connection
Ray Smith—Forage Production, UK Plant & Soil Sciences
Tim Stombaugh—Precision Agriculture, Biosystems & Agricultural Engineering
Forest Wynne—Aquaculture, Kentucky State University

Kentucky Agricultural Finance Corporation Expert Meeting Notes

UK Student Center Board Room—August 28, 2008

Attendees other than the ADF Evaluation Team included:
Mr. Chris Cooper — Loan Officer, Central Kentucky Agricultural Credit Association
Mr. Michael Duckworth — VP Agriculture Lending, Citizens Commerce Bank
Mr. Tony Harrington — President, Community Farm Alliance
Ms. Carol Hinton — Agriculture Extension Agent, Breckinridge County
Mr. Richard Whitis - Agriculture Extension Agent, Pulaski County
Mr. Mac Stone — Executive Director of Marketing, KY Dept. of Agriculture
Mr. Larry Snell — Executive Director, KY Center for Agriculture Rural Development
Mr. Paul Deaton — Extension Specialist, University of Kentucky
Mr. Curtis Mahnken — KY Farm Business Management Association

The meeting started with introductions by the attendees. Then Dr. Infanger presented an overview of the ADF evaluation project and our research concerning the KAFC. Dr. Maurer then led a discussion on various aspects of the KAFC.

Most of the participants became aware of the KFDC loan programs either from presentations given by the staff from the Governors Office of Agricultural Policy at professional meetings or from board meetings of the Agricultural Development Board. Participants generally agreed with the premise that farmers are learning about the programs from bankers and other agricultural lenders. It is typical that agricultural lenders approach the farmer about potential KAFC loans opportunities and not the other way around. One participant questioned whether the programs were widely known among farmers because KAFC has only 218 loans out at this point in time compared to 84,000 farms in Kentucky. However, it was noted that the KAFC has been involved with expanded lending based on ADF funding for only two years. After some general comments from participants there was a discussion about the positive and negatives aspects of the four KAFC loan programs.

Agricultural Infrastructure Loan Program

- Simplest program to apply for
- Guidelines are straight forward and simple to underwrite
- The lower "blended" interest rates are a major incentive and have encouraged some people to borrow the money sooner or to build a little bigger barn
- 80% of borrowers said they could have borrowed the money elsewhere
- 44% of the total KAFC loan funds have gone into this program and most loans have funded either new tobacco barns or grain bins

Beginning Farmer Loan Program

- Very helpful program
- These are high risk loans, so most agricultural lenders couldnt do them without KAFC participation

- Loaning beginning farmers down payment money helps “make the loan” and reduces the participating banks risk
- KAFC should have used the Farm Service Agency guidelines for defining a beginning farmer
- KAFCs requirement of at least 3 years but less than 10 years farm experience leaves out the children who have farmed with their parents for more than 10 years
- Should have a “first time land purchase” program, not a beginning farmer program
- “KAFC low interest rates may be inflating farmland prices by providing a subsidy to new buyers”
- 12% of the total KAFC loan funds have gone into this program

Agricultural Processing Loan Program

- These have been direct loans from the KAFC
- No comments as participants had no experience with these loans

Coordinated Value-added Assistance Loan Program

- The one loan made has been a direct loan from the KAFC
- UK Evaluation team could not reveal any details due to privacy concerns from only one loan
- The same concept has been applied to agri-tourism and non-model forgivable loans and has been successful. The problem is the non-model reporting requirements to document the purchases of Kentucky grown products are over bearing.

Comments about the KAFC program in general:

- KAFC is easy, straight forward but they should stream line the process for loans under $50,000. Let lenders qualify the borrowers for loans of $50K or less, that would make it more attractive for them to make $10 $30K loans.
- KAFC loans are going to mostly traditional agriculture businesses, what about new ventures and value-added enterprises?
- The ADB should get rid of “forgivable loans”. Instead they should offer a grant and combine it with a loan and extended repayment terms.
- Why does the KAFC board want to talk face to face with some of the applicants? KAFC needs a loan review process that is beyond reproach. Maybe they need a standing loan review committee.
- A 2-3% reduction in interest rates on a loan is not going to make or break a farming operation. Why is the money invested in KAFC helping only 218 farmers? Is that an effective use of state funds?
- It is risky using money set aside to diversify Kentucky agriculture to build tobacco barns.
- KAFC is not as effective as the model and non-model programs because there is little risk abatement on activities designed to encourage agricultural diversification. We need a way to take some of the risk out of starting new ventures.
- “If one third of the KAFC loans are not going belly up then KAFC is not reducing risk for diversified efforts and new ventures.”

- “Before the ADF you would not have been able to finance agritourism ventures and value-added venture such as ice cream or wineries.”
- “KAFC has put the advertising burden on the lenders. KAFC needs to promote their programs to farmers, tell them what they have to offer”.
- “Model programs are wildly successful, other programs such as the non-model project grants/loans and KAFC are not widely known. Its become blurred as to what is available and where ADF, KAFC. County Councils?”

New Loan Program Ideas:

- Operating loans
- Equipment loans
- Lender qualified smaller loans ¡$50K
- Loan guarantees of up to 90% for more risky ventures
- Incubator or micro-loans for new ventures and beginning farmers
- Livestock loans $50K - $100K

Appendix D

Consultant reports

Evaluation of Impacts of Kentucky Proud

Dr. Harry M. Kaiser, Cornell University

This report provides an independent examination of the marketing effort by the state of Kentucky to promote their agricultural and food products. Specifically, the analysis pertains to two large grants for this effort:

1. $5.329 million grant awarded to the Kentucky Department of Agricultural in July 2004 ($2.021 million) and September 2006 ($3.308 million), and
2. $4.892 million grant awarded to Allied Food Marketers West in May 2005 ($2.992 million) and December 2006 ($1.9 million).

These resources have been used to promote and brand locally grown agricultural and food products in Kentucky under the "KY Proud" campaign theme. I was asked to address three important issues regarding these marketing efforts:

1. How does the Kentucky marketing program compare to what other states are doing in terms of a state branding and promotional effort?
2. What evidence does the research literature provide on the economic impacts of state promotional efforts similar to KY Proud?
3. Based on the results of previous research, what are the economic impacts and returns to KY Proud?

Ideally, for Item 3, it would be superior to conduct an overall economic evaluation for KY Proud based on data generated specific to this marketing program. However, such an effort would take at least 6-8 months to complete. So the approach taken here is to survey the research on what researchers have found for similar types of programs and activities, and transpose these results to project the overall impact of the Kentucky marketing programs.

How does the Kentucky Program Compare to Other State Programs?

State branding programs for agricultural and food products has become extremely popular in the United States. As of 2001, as depicted in Table D.2, 43 states had adopted various forms of these branding programs (Ference, Weicker and Co.). Here is an overview of some of the state programs.

Jersey Fresh

The Jersey Fresh program was established by the New Jersey Department of Agriculture in 1984, and is one of the oldest of the state branding programs. The overall purpose is to promote state grown fruits and vegetables in order to increase the profitability of New Jersey farms, and maintain the sustainability of the state's agricultural sector. The first year budget for this program was $325,000, but now is over $1.2 million. This money is used to advertise (billboard, radio, and television), conduct consumer education, and public relations under the banner of "Jersey Fresh" to promote New Jersey grown fruits and vegetables. The Jersey Fresh logo is used as the basis for the overall campaign, which also includes promotional events such as fairs, trade shows, cooking competitions, and in-store cooking demonstrations (Govindasamy, Italia, and Thatch).

Arizona Grown

Another program that has conducted an economic evaluation is "Arizona Grown." The goal of this program is to make it easier for consumers, retailers and restaurants to identify and purchase Arizona products. The Arizona Grown logo may be used to promote any food or agricultural item that has been grown, raised or processed in Arizona. To use the logo, companies must submit a license agreement verifying their eligibility and agreeing to comply with the Logo Use. There is no cost to participate in the program however shipping costs will be charged. Logo slicks and digital art are provided at no cost to the company and packaging materials and promotional items will be available at the cost of production. Retailers and restaurants are encouraged to use these logos to promote Arizona products to their customers. The logos may only be used to promote Arizona products. Companies may incorporate the logo into their packaging design using camera-ready or digital artwork; or they may purchase labels to attach to packages, shipping boxes, or directly to produce items.

This program is much smaller than Jersey Fresh, and was launched in 1997 with an initial budget of $50,000 ($25,000 from the state, and $25,000 in matching money from the agricultural sector). In 1998, that figure increased to $100,000 from the state and industry.

Grown in Georgia

This is a campaign that emphasizes the local and fresh nature of fruits and vegetables grown in Georgia. In 2000, a promotional campaign with supermarkets was launched that cost $100,000. In Table D.2, the budget for this program is listed at $2.3 million, but that is probably for the life of the program. This program is very similar to Jersey Fresh.

From the Heart of Washington

This program is basically a public relations campaign to promote agricultural and food products in the state of Washington. The program was initiated in 2001, and was organized by the Washington Department of Agriculture in conjunction with industry leaders. It expanded in 2006 with a $200,000 campaign entitled, "Did you know?" The campaign includes television and radio advertising, and a Web site that supports 450 store locations posting signage and shelf talkers. The point-of-purchase materials feature the HOW logo and the tag line "Our farms to your table."

State lawmakers recently allocated $200,000–$400,000 per year - for the From the Heart of Washington campaign. This follows up on the three-year $2.5 million federal grant the campaign received in 2002.

Louisiana

Louisiana has developed a number of logos and labels to identify authentic Louisiana products. These include "Certified Product of Louisiana", "Certified Cajun Product of Louisiana" or 'Certified Creole Product of Louisiana". Companies that produce or process products in the state can use the logos and also are listed in a Louisiana Agricultural Products Directory.

Various boards promote commodities under these labels. They include:

- Louisiana Catfish Promotion and Research Board,
- Louisiana Crawfish Promotion and Research Board,
- Louisiana Rice Promotion Board,
- Louisiana Soybean and Grain Research and Promotion Board, and
- Louisiana Strawberry Marketing Board.

To counteract rising catfish imports, Louisiana has begun an American catfish awareness campaign that provides logos to restaurants to indicate that the catfish is "100 percent All American Catfish."

Connecticut Grown

The Connecticut Grown Program is an ongoing initiative to increase the demand for Connecticut products in the region and outside the region. The main program objectives are:

- Pinpoint Connecticut agriculture's strengths with respect to its economy and geographic location;
- Continue to increase the consumer awareness by using the "Connecticut Grown" logo;
- Establish the meaning and substance of the Connecticut Grown program;
- Educate and inform consumers concerning Connecticut farm products and methods of production;

- Establish criteria and information aimed at enabling existing agri-business to expand their operations.

The initiative incorporates a variety of projects including the following:

- Agriculture Directional Signage;
- Point-of-Purchase Materials;
- Joint Venture program;
- Food shows and expositions;
- Farm City exhibits;
- Apple Marketing project;
- Farmers Markets;
- Fruit and Vegetable Quality Assurance;
- Corporate and Restaurants promotions;
- Agricultural commodity;
- Quality Seals;
- Publications and Media relations;
- Community Gardens.

Illinois Product

Since 1987, the Illinois Department of Agriculture's (IDOA) Illinois Products Logo Program has identified Illinois products in retail establishments. The registered trademark is available to any Illinois food or agribusiness-related company located in the state. There are over 470 food and agribusiness companies utilizing the Illinois products logo in an effort to enhance customer awareness.

There is no cost to using the logo. Although there are no requirements to use a certain percentage of state-produced ingredients, the IDOA encourages the use of in-state resources. The Bureau of Marketing and Promotion supports the marketing efforts with a variety of educational and promotional projects including retail displays, food service, special events, industry trade shows, and state fair exhibits. The ILLINOIS PRODUCT logo can be used by:

- Food Companies;
- Agricultural Organizations;
- Fruit and Vegetable Growers;
- Christmas tree growers;
- Seed, Fertilizer Companies;
- Agricultural Equipment Manufacturers;
- Agricultural producers; and
- Agribusiness Companies

Economic Impacts of State Branding Programs: A Review of the Literature

The most comprehensive research that I found on the economic impacts of these programs has been done by Rutgers University of the "Jersey Fresh" program. Agricultural economists from Rutgers University have conducted several studies on the Jersey Fresh program. One economic study found that this program increased the demand for New Jersey grown products by 5.5% (Adeleja, Nayga, and Schilling). This study also estimated a rate of return to this program of 15.20, i.e., every dollar invested in this program returned $15.20 to net farm income in the state. While this figure is on the high side of what is typically estimated for generic advertising and promotion (see later section for details), it nonetheless indicates that state branding can be quite an effective means to support state agricultural producers. This study also found that the total impact of Jersey Fresh on the entire agricultural and food industry in the state had a rate of return of 46.9, i.e., each dollar invested in Jersey Fresh returned $46.90 to the state's agricultural and food industry.

In a report on the consumer awareness of the Jersey Fresh program, Govindasamy, Italia, and Thatch found:

- The majority of consumers (96%) reported that they would find Jersey Fresh logos useful in identifying and selecting New Jersey produce;
- The majority of the consumers (64%) indicated that they would like to buy more state produce;
- A high percentage of consumers were likely to increase their purchases if they saw the logos on the produce;
- A majority (79%) indicated that they would occasionally consider changing their usual supermarket in order to be able to purchase Jersey Fresh produce;
- Over 87% also said they would prefer the grocery store in their local area to have a greater selection of Jersey Fresh produce;
- 75% of the participants were willing to pay a premium to purchase Jersey Fresh produce; and
- 47% indicated that they would consider paying between 1% to 5% over the market price.

Agricultural economists from Arizona State University conducted a study of the Arizona Grown program in 1998 (Patterson, Olofsson, Richards, and Sass). While they did not compute a rate of return for this program, they did conduct a market experiment by comparing the sales of stores using the Arizona Grown point of purchase promotion materials with stores not using it. The findings of this study included:

- 2 out of 12 fruits and vegetable products had higher sales in stores using Arizona Grown POP materials (iceberg and red leaf lettuce).
- The remaining 10 fruit and vegetable products did not have higher sales due to this marketing effort.
- 25% of consumers were aware of the Arizona Grown program.
- 76% indicated a preference to purchase Arizona grown commodities.

The authors noted that these results were similar to the Jersey Fresh program findings.

Wolfe and McKissick, from the University of Georgia, conducted a study on a $100,000 promotional campaign for "Grown in Georgia." This study relied on store-level data over a six-week period from Kroger supermarket, which was an active participant in the promotional effort.

The authors compared produce sales from stores in Georgia (160 using the campaign) compared with stores in South Carolina (13 not using the campaign) and Alabama (3 not using the campaign). They found the campaign to be effective in increasing sales of Georgia produce. For instance, the Georgia stores experiences a 10% increase in total produce sales from 2000 to 2001 for the campaign period compared with only a 0.39% increase in Georgia and Alabama. The authors estimated a benefit-cost ratio between 4.37 and 7.37 in terms of generating additional revenue to the stores due to the program. In addition the authors found:

- 94% of shoppers would purchase local product if it was of similar price and quality;
- a significant number of shoppers would switch stores to purchase local produce;
- 61% said in store displays influenced their purchase decisions.

The Ference, Weicker and Co. report summarized the impacts from previous research on the other state programs. Here is a brief synopsis.

A 2005 study on the states of Vermont, New Hampshire and Maine indicated that size of the premium consumers were willing to pay depended on price and origin. Most studies indicated that given a choice consumers would prefer to buy local produce which they expect to be fresher and/or of higher quality.

Pilot projects in Iowa have indicated that chefs and food service managers are willing to purchase local food items over lower-priced imported food due to considerations of quality, taste, and local community considerations.

The Leopold Center for Sustainable Agriculture in Iowa did an extensive survey of consumers in a study called "Consumer Perceptions of Place-based Foods, Food Chain Profit Distribution, and Family Farms." The results of this survey were as follows:

- Respondents are more likely to choose a local food product that offers clear economic benefits to the farmers who grew the product and the community that supported the farmer than a food product that does not deliver significant economic benefits to the local economy;
- A majority of respondents would like to see farmers receive a higher share of the profits for retail food products relative to other partners in the food chain (processors, distributors, and retailers);
- A majority of respondents believed it be at least somewhat likely that the taste and quality of meat, produce, and dairy products are influenced by the natural resource characteristics of the region where the products were grown;
- Respondents are more likely to pay amounts above the conventional price for place-based food products grown in their state than for those place-based food products grown outside of their state; and
- Respondents were most likely to view family farms as those where family members provided labor and made management decisions, farms whose revenue was a primary source of income, and farms that used conservation practices.

A 2006 poll for the "Pride of Dakota" program, conducted by the Bureau of Governmental Affairs at the University of North Dakota with consumers in the state of North Dakota, found that:

- 79% of people would be more likely to purchase a product if produced locally;
- 52% of people are willing to pay a premium from 1 to 10% for local food;
- 14% are willing to pay a premium from 11 to 20%;
- 4% would pay more than 20%; and
- 28% would not pay a premium.

Other local branding campaign results include:

- A Kansas City campaign has tracked a 36% increase in local food sales for the Good Natured Family Farmers Cooperative selling through a group of locally owned and operated supermarkets in the Kansas City metro area since 2004;
- A Northeast Iowa campaign has doubled local food purchases among twenty three institutional buyers, including hospitals, retirement homes, restaurants, grocers, and colleges;
- A Maine study indicates that shifting just 1% of consumer expenditures to direct purchasing of local food products could increase farmers' income in that state by as much as 5%; and
- The "Go Texas" campaign analysis indicated that the program had a positive impact on 77% of member businesses.

In summary, it is clear that the research evidence indicates that state branding programs have positive impacts on the market in terms of increased sales for food and agricultural products.

Economic Evaluation of KY Proud

The economic evaluation that follows focuses on the potential impacts and returns of KY Proud. Three approaches are used, and hence three estimates are made, and I will identify the one that I believe is the best.

Approach 1 is the simplest. This approach is based on the rate of return estimate that have been found for similar programs. Only two programs, Jersey Fresh and Grown in Georgia, have had studies that estimated their rates of return. Recall that Jersey Fresh had a very high rate of return estimated by Rutgers University economists, which was 15.2 in terms of farm income, and 46.9 for total impact on all agriculture and food sector. These estimates appear implausibly high, and therefore I am not going to use them in estimating the economic returns to KY Proud.

The rate of return estimated for the Grown in Georgia program is 5.87 (average of 4.37 and 7.37). This is a gross return to grocery store revenue rather than farm revenue. That is, every dollar invested in this program returned $5.87 in grocery store gross revenue. It is gross revenue rather than net revenue to grocery stores because the costs of the incremental products being sold due to the promotional program are not netted out.

If we assume an identical rate of return as that found for the Georgia program, that would imply that the total investment in the Kentucky marketing programs since 2004 (i.e., $10.221 million from the grants to the Kentucky Department of Agriculture and Allied Food Marketers West) generated $60 million in additional gross sales revenue to the state. One problem with this estimate is that it does not indicate how the state's agricultural producers were impacted by the program. Hence, this is the least preferable estimate of the three approaches.

Approach 2 uses the results of a recent comprehensive study done by Global Insight, Inc. for USDA/FAS on U.S. agricultural export promotion programs and translates them to the KY Proud program. This makes quite a bit of sense because the collective activities in U.S. export promotion are very similar to those used by the Kentucky programs. For example, in looking at all of the U.S. export promotion programs, the following activities have been, which have also been used by KY Proud: print, television, radio, and outdoor advertising; websites; trade shows, technical service, public relations, sponsorships, food service promotions, point of purchases campaigns, and other promotions. Moreover, one of the main purposes of U.S. export promotion programs is to brand U.S. agricultural and food commodities. This is precisely what KY Proud's purpose is at the state-level. Furthermore, in this study, a broader benefit-cost ratio (a.k.a. rate of return) was also computed that includes economy-wide effects of the promotion (e.g., agricultural and non-agricultural effects). Hence, this, in my opinion, may be the best comparable rate of return for KY Proud.

This study found a rate of return to the entire U.S. economy (agricultural and non-agricultural) from U.S. export promotion equal to 5.2. That is, each dollar invested in U.S. export promotion returned \$5.20 in terms of total U.S. net economic welfare (net economic welfare can be interpreted as net benefits to the economy). Assuming an identical rate of return as that found for all U.S. export promotion programs, that would imply the Kentucky marketing programs since 2004 generated \$53.1 million in economic welfare to the state of Kentucky.

In terms of impact on net farm income, this study found a rate of return equal to 2.89. That is, every dollar invested in U.S. export promotion returned \$2.89 to net cash income of farmers. Applying this figure to the Kentucky program implies that KY Proud produced an additional \$29.54 million in net cash income to the state (note that the \$29.54 million is included in the \$53.1 million for the entire economy-wide impact).

Approach 3 is to rely on estimated rates of return for various marketing activities, and apply each of those to the same types of activities used in KY Proud. Table D.1 presents the estimated rates of return for various generic advertising and promotion found by selected previous studies. As is evident from this table, the majority of studies have been conducted on generic advertising activities. The average rate of return from the 13 studies listed in Table D.1 is 4.87, i.e., each dollar invested in generic advertising returns \$4.87 in net farm revenue. From this table, it is evident that generic advertising results in the highest rate of return of all activities. The six studies on non-advertising promotional activities had an average rate of return of 2.73. The three studies listed in Table D.1 that evaluated nutritional education programs have an average rate of return of 2.75. Finally, the one study that examined the effectiveness of technical assistance in export promotion computed an average rate of return of 2.35 for this activity.

An overall average rate of return for the KY Proud marketing activities can be estimated by computing a weighted average of these rates of return, where the weights are equal to the expenditures on each of these activities. Based on the data provided by the Kentucky Department of Agriculture and Allied Food Marketers West, their expenditures were categorized by activity as follows:

Table D.1: *Expenditures by activity for the Kentucky Department of Agriculture and Allied Food Marketers West.*

Kentucky Department of Agriculture	
Activity	Percent of Expenditures
Advertising	89.7%
Promotion	10.3%
Total	100%
Allied Food Marketers West	
Activity	Percent of Expenditures
Advertising	4.7%
Promotion	39.8%
Technical assistance	55.5%
Total	100%
Combined Programs	
Activity	Percent of Expenditures
Advertising	22.9%
Promotion	46.5%
Technical assistance	30.6%
Total	100%

Based on these budget percentages, the weighted average rate of return for the Kentucky Department of Agriculture based on rates of return in Table D.1 is 4.65. Based on these budget percentages, the weighted average rate of return for Allied Food Marketers West based on rates of return in Table D.1 is 2.62. Based on these budget percentages, the weighted average rate of return for both organizations combined based on rates of return in Table D.1 is 3.39.

If we use the 3.39 rate of return, that would imply that the total investment in the Kentucky marketing programs since 2004 (i.e., $10.221 million from the grants to the Kentucky Department of Agriculture and Allied Food Marketers West) generated $34.65 million in additional net farm income.

Summary

This report addressed three important issues regarding the marketing efforts of KY Proud:

1. How does the Kentucky marketing program compare to what other states are doing in terms of a state branding and promotional effort?
2. What evidence does the research literature provide on the economic impacts of state promotional efforts similar to "KY Proud"?
3. Based on the results of previous research, what are the economic impacts and returns to KY Proud?

The review of the literature indicated that state branding of food and agricultural commodities has become very popular in the United States. 43 states currently use these type of marketing activities. The KY Proud program looks quite similar to the majority of program that use advertising, labeling, sponsorships, public relations, nutritional education, and other promotional activities to promote local products.

The studies that were reviewed clearly indicate that state branding is an effective way to increase sales of local products. All of the studies that estimated economic impacts demonstrated sizable sales impacts. The two studies that estimated a rate of return demonstrated that the benefits outweigh the costs.

Based on the approaches I used to estimate the economic return of KY Proud assuming it had the same impacts as similar programs, my best estimate is that the impacts in Approach 2 and 3 are the most plausible. If this is true, KY Proud has had a positive and significant impact on both the agricultural and overall economy of Kentucky. In terms of economy-wide impacts, it was estimated that the total investment of $10.221 million between 2004 and 2006 returned $53.1 million. In terms of the agricultural sector, this investment returned $29.54 million in net farm revenue. Approach 3, which assumes similar returns as those found for generic advertising, promotion, and technical assistance, indicates almost an identical number of $34.65 million in additional net farm revenue.

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Table D.2: *U.S. state branding programs.*

State	Program Name or Slogan(s)	Year Established	Budget($)	Budget Period
Alabama	A+ Alabama: Best Buy	2001	500,137*	2003
Alaska	Alaska Grown, Fresher By Far	2001	295,000	2003
Arizona	Arizona Grown	1993	n/a	n/a
Arkansas	Arkansas Grown	1997	100,000	1998
California	Be Californian, Buy California Grown	2001	25,500,000*	2003
Colorado	Colorado Proud	1999	n/a	n/a
Connecticut	Connecticut Grown	n/a	n/a	n/a
Florida	Fresh from Florida	1990	500,000*	2003
Georgia	Georgia Grown	n/a	2,351,133*	2003
Hawaii	Island Fresh	n/a	n/a	n/a
Idaho	Grown in Idaho, Idaho Preferred	n/a	650,000*	2002
Illinois	Illinois Product	1988	n/a	n/a
Kentucky	Kentucky Fresh, Kentucky Proud	2001	800,000	2004-2006
Louisiana	Buy Fresh, Buy Local	2001	n/a	n/a
Maine	Get Real, Get Maine	n/a	250,000, 150,000	2002-04
Maryland	Maryland's Best	2001	n/a	n/a
Massachusetts	Massachusetts Grown...and Fresher!	n/a	n/a	n/a
Michigan	Select a Taste of Michigan	2003	200,000*	2003
Mississippi	Make Mine Mississippi	1999	n/a	n/a
Missouri	Buy Missouri, AgriMissouri	1985	115,000*	2003
Montana	Montana's Choice	n/a	8,300*	2003
Nebraska	Nebraska Our Best to You	2004	n/a	n/a
Nevada	Nevada Grown	2002	n/a	n/a
New Hampshire	New Hampshire's Own	1997	128,291*	2003
New Jersey	Jersey Fresh	1983	826,000	2003
New Mexico	Taste the Tradition	n/a	n/a	n/a
New York	Pride of New York	1985	n/a	n/a
North Carolina	Got to be NC	n/a	n/a	n/a
North Dakota	Pride of Dakota	1985	n/a	n/a
Ohio	Ohio Proud	1993	n/a	n/a
Oklahoma	Made in Oklahoma	n/a	n/a	n/a
Pennsylvania	Pennsylvania Preferred	n/a	295,000	2002
Rhode Island	Rhode Island Grown: Take Some Home	n/a	n/a	n/a
South Carolina	South Carolina Quality	1992	n/a	n/a
Tennessee	Pick Tennessee Products	n/a	500,000*	2003
Texas	Go Texan	1999	400,000	2004
Utah	Utah's Own	2002	n/a	n/a
Vermont	Vermont Seal of Quality	n/a	75,000*	2003
Virginia	Virginia's Finest, Virginia Grown	1989	511,500*	2003
Washington	From the Heart of Washington	2001	2,500,000*, 400,000	2001-03, 2004
West Virginia	West Virginia Grown	1987	n/a	n/a
Wisconsin	Something Special from Wisconsin	1983	n/a	n/a

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Table D.3: *Rates of Return Estimated for Various Generic Advertising and Promotional Activities.*

Commodity	Region Covered	Rate of Return	Study
Commodity advertising:			
Fluid milk	New York State	2.94	Zheng and Kaiser 2007
Butter	Canada	1.00	Goddard and Amuah 1989
Cheese	Canada	8.30	Kaiser et al. 2007
All dairy	United States	3.40	Kaiser 1997
Beef	United States	5.80	Ward 1998
Pork	United States	4.80	Davis et al. 2001
Eggs	United States	6.00	Kaiser 2006
Almonds	United States	5.00	Crespi and Sexton 2001
Fresh cut flowers	United States	5.62	Ward 1997
Washington Apples	United States	7.00	Ward and Forker 1991
Florida orange juice	United States	4.50	Capps et al. 2003
California eggs	California	6.90	Schmit et al 1997
Australian wool	United States	2.00	Dewbre et al. 1987
Average		4.87	
Standard deviation		2.09	
Nonadvertising, promotion:			
Fluid milk	New York State	1.72	Zheng and Kaiser 2007
Avocados	United States	2.20	Carman and Craft 2005
Walnuts	United States	5.68	Kaiser 2005
Cotton	United States	3.40	Nichols et al. 1997
Onions	United States	1.00	Gopinath&Cornelius 2000
California tree fruit	United States	2.40	Freed et al. 1998
Average		2.73	
Standard deviation		1.65	

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Evaluation of Farmers Markets Funded through the Kentucky Agricultural Development Fund

Laura Powers, Extension Specialist

Since 2001, the Kentucky Agricultural Development Fund (ADF) has invested $3,274,194 into farmers markets located in 44 Kentucky counties. Most of the counties have only one market, but two counties have received funding for two different farmers markets. The accompanying map shows the counties that have received ADF and relatively how much funding each county received.

As shown in the map below, the funds have been widely distributed across the Commonwealth (funds per county as of spring-2008).

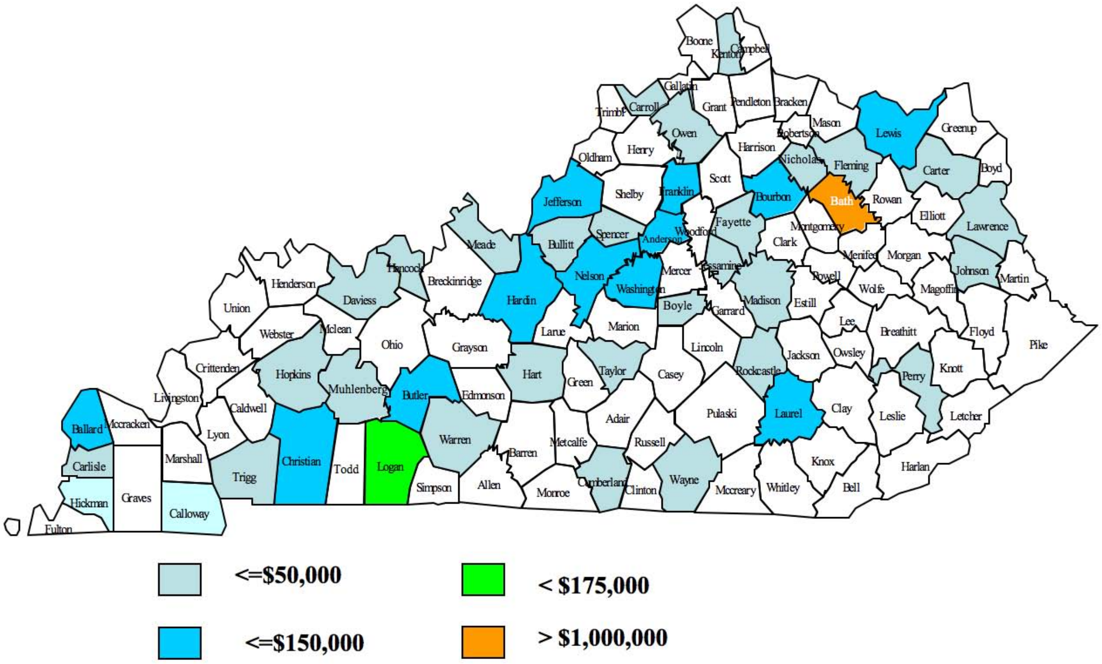

Figure D.1: Distribution of ADF Farmers' Market Funding 2001–2006.

The evaluation process into the use of these funds was initially conducted through a survey. This survey was developed and mailed to the county extension agent (the Horticulture Agent if available, otherwise the Agriculture and Natural Resources Agent) in each county that had a farmers market that received ADF. Some of these surveys were forwarded on to representatives of the farmers markets. Fourteen of the surveys were completed and returned.

The remainder of the data for this evaluation was generated through follow up phone calls to the county extension agents or other representatives of the farmers markets. The data collected through this process was more limited than the original survey, but an additional ten counties provided responses to the selected questions. Overall, of the 24 returned surveys, only two were completed by a member of the Farmers Market. The remainder was completed by the respective County Extension Agent (either the Agriculture and Natural Resources Agent or Horticulture Agent). The table below outlines the various grant sizes to the funded farmers markets.

While the data collection techniques accounted for only 55% of the total funded farmers markets, 77.3% of the funds were accounted for in the survey. The one farmers market that received $1.52 million accounted for 46.4% of the entire farmer market funding.

Nineteen of the 24 respondents used the funds to build a permanent farmers market structure. Two listed advertising and promotion as the main purpose of the study, one used the funds

Table D.4: *Farmer's market grants.*

Grant Awarded	**Total Value in Category**	**Number in Grant Awarded**	**Number of Surveys Returned Per Category**	**Value of Returned Surveys**
$10,000	$63,296	14	4	$ 25,000
$50,000	$399,198	16	12	$ 270,996
$100,000	$418,200	6	3	$ 178,200
$175,000	$873,500	7	4	$ 538,000
$1,000,000	$1,520,000	1	1	$ 1,520,000
Total	$3,274,194	44	24	$ 2,532,196

for temporary shelter, one used funds for renovations and upgrades to an existing facility and one to conduct a feasibility structure. The purpose of the feasibility study was to examine the feasibility in building a permanent structure to how an existing farmers market that includes 65 members. Three of the respondents have not yet used the funds; only one of these has not begun operations.

There were only twelve farmers markets that provided their estimated annual sales. According to these twelve, their total annual sales are $3.074 million for the most recent marketing year. However there were two markets that accounted for $2.75 million of this total. The two markets with annual sales of $2.75 million received a total of $15,000 from the ADF. For these two markets, each ADF dollar represented $177 in sales. The remaining ten markets reported annual sales of $324,000 and received approximately $1.85 million in ADF. For these 10 markets, each ADF dollar represented $0.17 in sales. Removing the one market that received over $1.0 million of ADF from the analysis results in the remaining 9 markets with reported $0.84 of sales for each ADF dollar received.

Of the 24 respondents, twenty provided membership information. Two of the twenty did not know what the membership of the market was when it was first opened. The remaining eighteen markets reported a total farmers market membership of 228. For the upcoming market year, these same eighteen markets reported 483 members, representing a 112% increase. Some of these markets have been open only a few years, while some have been open as long as 30 years. Three of the markets reported decreased membership over the years they have been in existence. One of the three of these markets reported that the decline in membership was a result of the markets decreased allotment of coupons for the elderly.

The products sold at these 24 Kentucky farmers markets are as diverse as the state itself. All of these markets sold the standard vegetable variety (corn, tomatoes, squash, zucchini, and so on). Most of the markets also sold value-added items such as jams, jellies and breads. Homemade crafts, wood working products and quilts were also listed as items for sale. Although not all of the markets were specifically asked this question, many of them also comments on their markets emphasis on Kentucky only products.

Of the fourteen respondents completing the original survey, all of them responded that they either agreed or strongly agreed that the ADF were critical to starting their project and that the project would continue after the end of the ADF. All but two responded that they were able to leverage other funds through the use of the ADF. One of the respondents that disagreed applied for and received funds for the ADF feasibility program and no other funding were required.

Overall, the use of ADF for farmers markets has provided a positive impact on Kentucky agriculture. Although the ratio of ADF dollar to sales is low for many of them, the purpose of the ADF funds were not provided as a typical investment from which a return is expected. These funds have encouraged growth in products available and have provided a consistent area that customers can come to and know that the farmers market will always be there.

A Review of the Agricultural Development Board Investments in Cooperatives

Laura Powers, Extension Specialist

In the early days of the Agricultural Development Board (ADB), it was decided that funding cooperatives would be an efficient and effective method for impacting multiple farmers with each project. Cooperatives are a form of business organization in which the owners of the business are those that are in need of that businesss services. Generally, cooperatives are formed when there is an absence in the marketplace for a particular service. Those in need of that service will pool their resources to fill the void. In the case of the ADB funded cooperatives, farmers were looking for new business opportunities that would either compliment current enterprises or supplement income from losses in tobacco production.

Within a six year time period, the ADB invested $10.1 million dollars (combination of state and local funds) into Kentucky cooperatives. Only the Kentucky West Nursery Cooperative was not incorporated by 2001 when the ADB funds were first approved for some of these cooperatives. The investments were made towards the following seven cooperatives: Central Kentucky Growers (CKG), Cumberland Farm Products (CFP), Green River Produce Marketing Cooperative (GRPMC), Kentucky West Nursery (KWN), Purchase Area Aquaculture Cooperative (PAAC), South East Kentucky Agricultural Cooperative (SEKAC) and West Kentucky Growers (WKG). Today, of these cooperatives, three are still operating as a cooperative (CKG, CFP, SEKAC), two are operating in some other form (KWN, PAAC) and two have ceased operations or have sold their facilities to a related business (GRPMC and WKG). Of the three still operating as a cooperative, only CKG is still operating as the members had originally planned. CFP no longer markets vegetables as they had the previous 35 years and has attempted to convert to a mini farm supply center and farmers market. SEKAC has leased their facilities to another business with an agreement that that business purchases Kentucky Proud products.

As most of the former cooperatives are either operating under a different form, with some in either very limited operations or have completely ceased operations, many have wondered if the ADBs investment into these cooperatives benefited Kentucky agriculture. However, while perhaps different decisions could have been made in the past that could have resulted in more of the cooperatives sustaining business operations, there have been successes that have resulted from the existence of the cooperatives, regardless of their limited life-span. This section will look at what how those investments have impacted Kentuckys agricultural economy.

Review of ADB Investments in Cooperatives

The "Cooperative Movement arose primarily as a result of continued reductions of tobacco quota and persistent talk of a buyout. Farmers were unsure of what effects a tobacco buyout would have on their farming operations. Tobacco farmers across the state began looking for other on-farm possibilities. Interest grew for vegetable production (with existing success shown through one vegetable marketing cooperative in the state), aquaculture and nursery products, to name a few. Regardless of the enterprise, farmers were aware that in order to draw attention of desired markets, farmers would have to work together.

As the cooperatives began operations many new products began appearing on Kentucky farms. Catfish, tress, specialty peppers, broccoli, watermelons, cantaloupes are only a few examples. One by one and for a variety of reasons, the cooperatives began requesting funds from the ADB. The cooperatives felt encouraged to seek financial assistance from the ADB through the stated initial priorities of the ADB. According to the minutes from the first Kentucky Agricultural Development Board (ADB) meeting on July 19, 2000, the Governor stated "that the development of farmer owned and operated cooperatives were imperative in order to build a strong farm economy. Reasons for these requests included a variety of equipment to improve quality and processing ability and inability to pay operating costs. Then when some of the cooperatives continued to seek financial assistance from the ADB season after season and had not shown success, ADB members became concerned that the cooperatives may not be able to achieve profitability. They wondered if the cooperatives would be self-sustaining.

Table 1 summarizes the ADB funds that were distributed to the cooperatives as well as member involvement statistics. Data was not available for the SEKAC, KWN and PAAC, other than ADB funds invested and membership numbers. It should be noted that with the recent auction of KWN facilities and equipment, the KWN was able to repay their entire loans to the ADB. Data was also not available for GRPMC grower payments for 2000 and 2001. Given the remainder of the data ends at 2005, the \$120,000 ADB loan to Central Kentucky Growers was also excluded. For the produce cooperatives (with the exception of SEKAC), for every one dollar of ADB investment, there were \$4.06 of sales generated and \$2.58 of those sales that were returned to the grower.

After about four years of receiving funding requests from cooperatives, many ADB members became hesitant about continued funding of the cooperatives. It was around that same time, that another ADB funded cooperative, the Kentucky Produce and Aquaculture Alliance, with USDA and ADB grant funds initiated a state-wide vegetable marketing feasibility study. This feasibility study was conducted to look at the structure of the vegetable cooperatives in existence at the time and determine if there was a feasible method to re-align the businesses and create a sustainable vegetable marketing industry in Kentucky. Results of the study indicated that there was potential for a new business model for marketing of Kentucky vegetables. This model involved all of the vegetable cooperatives working together under one umbrella. Instead of separate yet similar businesses across the state duplicating services and cooperatives competing with each other for buyers, the vegetable cooperatives could consolidate and run a more effective and efficient

Table D.5: *ADB Investment in Cooperatives and Select Cooperative Sales and Grower Payment Data.*

All Cooperatives	
ABD Investments[b]	$10,002,743
Membership	254
ADB Investment per Member	$39,381
Produce Co-ops (except SEKAC) ABD Investments[c]	$6,617,909
Membership	155
2000-2005 Sales	$26,856,031
2000-2005 Grower Payments[d]	$17,106,116
ADB Investment per Member	$42,696
Co-op Sales per ADB Investment $	$4.06
Grower Payment per ADB Investment $	$2.58

[a] Excludes CKG's 2006 $120,000 loan.
[b] $1,840,784 loaned to KWN was paid back to the ADB.
[c] Excludes CKG's 2006 $120,000 loan.
[d] Excludes GRMPC grower payments for 2000–2001.

marketing business. A business plan was development based on results from the feasibility study and input from the vegetable cooperatives. The business plan provided that the business would initially be funded through member investment and ADB funds. After this two-year long process of the feasibility study and business plan, along with simultaneous lack of business success of many of the produce cooperatives, this state-wide vegetable marketing initiative did not go past the business plan development phase. Some cooperative members were not willing to give up local control of their businesses. Further, the consolidated business would charge for their marketing services and members were concerned about paying an extra charge and the impact that would have on farm profitability. The project died and ending with it was possibly the last chance for a wide scale vegetable marketing program in Kentucky.

Opinions of current and former cooperative members and directors

As a part of the analysis of ADF investments, the ADB funded cooperatives were interviewed. The Review Team also interviewed a group of "experts that were not a part of the cooperatives but worked closely with them. Given the short life span of many of the cooperatives, the Review Team felt it important to include some of the comments made by these members and the expert panel. The general feeling among former cooperative members is that even though the cooperative is no longer in business, there are more vegetables grown in Kentucky today because of the cooperatives. The following comments were made that describe members and directors perceived benefits through ADF investments in their respective businesses:

- ADF financed cooling equipment which provided the following benefits:
  - Improved the quality of produce packed
  - Allowed farmers to increase their own volume of produce through ability to increase marketing area

  - Increased transportation efficiency through ability to sell tractor trailer volumes
  - Increased marketing area of produce and aquaculture products (e.g. expanded into 24 states and Puerto Rico for one cooperative and into 37 states for another)
- Assisted operating costs of the new cooperative thereby allowing for a "weeding out period for members. During this time, growers learned what worked and what didnt work. Many of the poorer growers left the cooperative. They are now operating with 10 farmers that are willing and able to produce quality produce to keep the cooperative in business.
- Expanded produce variety. Many customers are looking for the "one-stop shop. The ability to grow volumes of multiple types of produces made the cooperative more appealing to produce buyers.
- ADF assisted growers in getting through the 3-4 year start-up cycle for their business.
- The cooperative contributed to agricultural diversification, institutional development and facilitated new grower investments in non-traditional enterprises.
- In regarding to the Kentucky West Nursery, the cooperative lending power provided by the ADB was a significant boost to new growers. It allowed them to expand much faster than a self financed start-up business.
- There are now three to four times more fish farmers and three times more acres of catfish than before PAAC was started.
- Kentucky aquaculture had to try and fail at a catfish processing facility in order to move past the idea and towards the live markets that have a greater chance of success.

Perhaps one of the most important impacts of the ADF investments in cooperatives is the fact that the cooperatives established new markets for Kentucky farmers. Although many of the cooperatives are either operating as another form of business or have ceased operations, many of the growers have continued to raise the products to meet these markets that were established through the cooperatives existence. It has been estimated that among growers that were cooperative members for at least two years, 75% to 80% are still growing vegetables. If one of the purposes of the ADF is to increase diversity of Kentucky agriculture, then that purpose has been achieved through the funding of the cooperatives.

As would be expected, there were many complaints regarding how the ADB handled the cooperatives. Regarding the cooperatives that went out of business or significantly changed, it must first be acknowledged that each did so for different reasons. Each cooperative had their own strengths and their own weaknesses. There was no one factor that led to the cooperatives ceasing operations. The following comments were also made by the cooperative members interviewed:

- The ADB "Gave us just enough rope to hang ourselves.
- Forgiveable loan program did not work. This created a tax problem as when forgiveness was met, the loan was considered income. We do not think this was the intent of the program.

- Sometimes, the funds were too easy to get. If we had to go to a bank for the funds, then we would have been more likely to develop a more realistic business plan.
- Because the ADB wanted the co-op to expand into many counties, we were forced to work with inexperienced growers that should not have been growing vegetables. This dragged the entire co-op down as the poorer growers caused the better growers to lose money.
- The ADBs lack of knowledge of the vegetable market meant that they instilled unrealistic expectations. Some cooperative members reported that GOAP staff dictated what goals the cooperatives should include on ADB applications. These goals were often unrealistic for the businesses and were consequently not met.
- Non-funding of the state aquaculture pond cost share program directly impacted the cooperatives ability to provide enough catfish for continued operations. Cooperative members believed that these funds were originally promised to them, but those promises were not kept.
- Member production was expanded rapidly, but the ADB funds for the needed processing equipment were not received in a timely manner. This did not allow the co-op to process product and the product ended up being sent to a landfill and members suffered “considerable losses.
- The ADB did not have a long term commitment to the vegetable co-op effort.
- County ADB funds were turned into a forgivable loan when they were intended as grant funds.

It should be noted that these comments came from ADB funded businesses that for the most part are no longer in operation. Some of the comments are a sign of the cooperatives insufficient management. For example, a strong management team should be able to determine who would grow for their business and who should not. The cost of processing vegetables is directly related to the amount of poor quality produce moving through the facility. The higher the percentage of poor quality, the higher the processing costs. The management should be able to set quality standards at a certain level and only accept product at or above those levels.

One of the financial detriments of some of the cooperatives is that neither the ADB nor the cooperatives required member investment in the co-ops. The ABD was willing to invest funds when the members were not. When the co-ops had tough business decisions to make, decisions were made knowing that they would not be losing the members investments. In some situations, cooperative members believed that the Agricultural Development Fund was really their money anyway and that the ADB had a responsibility to subsidize their business.

Additionally, the ADB was hesitant to fund personnel. Personnel were perhaps the main deficiency of many of the cooperatives. Given the relatively small size of the businesses and their budgets, the cooperative managers were expected to be plant managers, salesmen, financial officers and administrators. While each cooperative had a manager that was qualified for one of these positions, none of them were qualified to successfully fulfill all of these roles. While the equipment purchased by the ADB was important for improved efficiencies of the businesses, without qualified personnel, even the most high-tech equipment cannot make sound management decisions.

Were the ADB Investments in Cooperatives a Benefit to Kentucky Agriculture?

The ADB invested in cooperatives as a way of supporting farmer-owned businesses. Unfortunately, many of these businesses are no longer in operation and many have asked "Why? As previously stated, there is no one reason why many of these businesses are no longer operating. Cumberland Farm Products had been a successful produce marketing cooperative for many years. They received ADF funds both for necessary updates to the facilities and for financial deficits to the bottom line. However, while there is still a functioning cooperative, they no longer market vegetables as they once did. The former produce buyer customers of the cooperatives began going directly to the co-op members and by-passing the cooperative. The business no longer had a reliable source of quality produce and a dependable customer base. Does this mean the cooperative failed, or did the business run its cycle?

Some were influenced by early ADB comments regarding the importance of cooperatives to the farm economy and thought that their best chance of receiving funds from the ADB were to form cooperatives. Some members believed that the ADB funds were their money anyway, so the ADB would continue to fund a business even if it did not show a profit. If business management fell into either of these categories, then the business was not started for the right reasons.

There were also management deficiencies at the cooperatives. Cooperative management includes both hired staff and the boards of directors. By Kentucky statute, at least 80% of the Board members had to be growers for the cooperatives. Some of the member-growers had difficult time making decisions that would simultaneously be the best decision for the co-op yet is a bad decision for their individual farm. Some managements had tendencies to blame problems on factors they could not control (weather, market prices) as compared to things they could control (labor, product flow-through, cost of production). There was some lack of management discipline where the Boards would set policies and hold neither themselves nor other members accountable to those policies. Again, with mind sets such as these, a business, regardless of the type of organization, be it corporation or cooperative, would not succeed.

Many of the co-op members were new to growing vegetables and many were also tobacco growers. While quality is a very important consideration for tobacco, it has a much greater impact on selling ability to a perishable crop such as vegetables. Some growers were not properly educated on the requirements for successful vegetable production. In the pre-tobacco contract days, poorer quality of tobacco would still sell; poorer quality of vegetables will not sale. Additionally, tobacco was still the primary enterprise on the farm. If a grower had to choose where labor would spend their time, they would often choose to work in tobacco. Again, decisions such as these are detrimental to perishable commodities.

As described in an earlier example, some cooperative managers stated that "inexperienced growers were a "drag on the co-op and this caused the "good growers to lose money. In the free market, those producers that are not as efficient will not make a profit and will therefore go out of business. They will work themselves out of the market and not be a hindrance to the more efficient and profitable growers. This process however, takes time and the cooperatives from start-up to shut down operated for a very short time period considering the learn curve for all involved.

There were comments made that many of their members will not grow vegetables again because of the failure of the cooperative. However, for most other cooperatives, many of their growers have continued to grow. *This is supported by the continued increase in vegetable production as outlined in the horticulture section of this report.* Furthermore, of the one vegetable marketing cooperative still in operation, they stated that the reason they have been able to sustain operation is that their initial core of growers made the decision that they want to continue marketing produce together. They therefore required each member to make personal financial investments into the cooperative. The better growers remained in the cooperative and the poorer growers left. They are now confident that they can sustain business operations.

Conclusions

The purpose of the section was to try to examine the issue of the how beneficial the ADBs investments into cooperatives were to the Kentucky agricultural economy. As with most situations, hind sight is 20/20. One way to examine how we really feel about the situation is if we knew then what we know now, would we decide that the ADB should just not have funded the cooperatives or would we decide that they should have funded them, yet do some things differently.

Some would argue that because many of the cooperatives are no longer in business, that the ADBs investments in them were wasted. There are however continuing impacts despite their short life span. The cooperatives opened markets that farmers are still fulfilling. They created secondary businesses. They allowed some growers time to determine what Kentucky farmers can do well and what they cannot do as well.

There is no one reason most of these businesses have ceased operations. Some chose to be too dependent on government assistance. For CFP who had been in existence for more than 30 years, perhaps they just ran their course. However, one conclusion that can be drawn is that there are more vegetable producers in Kentucky now than before the cooperatives existed. Although some of the former co-op members removed themselves from the industry, the produce industry in Kentucky continues to grow and thrive.